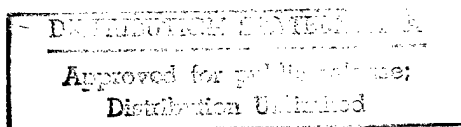


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30 MARCH 1987

# Southeast Asia Report



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30 MARCH 1987

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AUSTRALIA

LIBERAL PARTY RETURNED TO POWER IN NORTHERN TERRITORY

BK080929 Melbourne Overseas Service in English 0430 GMT 8 Mar 87

[Text] The ruling Country Liberal Party has been returned to office in the Northern Territory, but with a slightly reduced majority. The main loser from the election appeared to be the newly formed Territory National Party which was strongly supported in its campaign by the Queensland premier, Sir Joh Bjelke-Petersen. The Nationals are not likely to pick up any seat.

Despite the possibility of loosing one of six Labor seats in the territory, the Australian Labor Party's national secretary, Mr Bob MacMullan, says the result has been encouraging, but a complete rebuff for the Queensland premier.

Leaders of both the federal government and the coalition opposition are expected to use the election results to attack Sir Joh's push to Canberra.

The federal opposition leader, Mr Howard, describes the vote as a total shock for Sir Joh. Rejecting Mr Howards' claim, the Queensland premier said the election results had not affected his campaign to become prime minister.

A spokesman for the prime minister, Mr Hawke, said the Northern Territory election provided no joy for Sir Joh Bjelke-Petersen.

/9599

CSO: 4200/388



AUSTRALIA

UNIONS WELCOME, EMPLOYERS CRITICIZE WAGE RULING

BK100957 Melbourne Overseas Service in English 0830 GMT 10 Mar 87

[Text] Australia's 6 million employees covered by federal awards have been granted an immediate wage increase of \$10, or the equivalent of U.S. \$6.80. The Arbitration Commission granted the rise for the first tier of the new wages system. The Arbitration Commission said it would convene a conference of government, unions, and employers in October to consider a further 1.5 percent increase in the first tier.

The commission left the door open for unions to negotiate a second tier wage increase of up to 4 percent with specific industries. The commission says greater productivity should minimize the impact of the wage rises. It had introduced guidelines which required pay rises in the second tier to be justified through improvements in efficiency. This would be achieved through changes to work and management practices. The average wage in Australia before the \$10 increase was \$428.40 a week.

Employers say the Arbitration Commission has bungled any chance of economic recovery. The director general of the Confederation of Australian Industry, Mr (Brian Noaks), says the wage rise was far too high and may lead to the collapse of the new two-tier wages system.

However, the Australian Council of Trade Unions said the decision provides a sensible structure for wages in the future and to eventual economic recovery.

The prime minister, Mr Hawke, says he is confident that all sections of the community will abide by the wages system.

After the national wage increase was announced, the value of the Australian dollar rose half a cent to 68.4 cents American.

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CSO: 4200/388

INFLATION JOLT PROMPTS OPPOSITION'S HOWARD TO COMMENT

Sydney THE SYDNEY MORNING HERALD in English 30 Jan 87 p 1

[Article by Ross Gittins, Economics Editor--"Inflation Jolt: Long Haul Ahead"]

[Text]

The return to virtual double-figure inflation has brought the Hawke Government's run of good economic news over the holiday period to a halt.

The Acting Treasurer, Mr Hurford, put on a brave face, predicting that the inflation rate would prove to have peaked during the December quarter and would fall back over the course of 1987.

Most economists appear to agree with him, although the fall is likely to be modest and is certain to leave our inflation rate still well above the average rate of 2 per cent enjoyed by the main countries with which we trade.

The recent run of good news — the surprisingly low figures for the monthly trade deficit, the Organisation of Economic Co-operation and Development's (OECD) remarkably optimistic forecasts for 1987, and the reasonably stable dollar — is now revealed as an Indian summer.

Mr Keating returns to work next week facing a year in which the challenge is little changed from the "long haul out for Australia" he described before Christmas.

In his absence, the Government has been obliged to concede that his forecast in the Budget of an inflation rate of around 8 per cent in 1986-87 was too optimistic. Now the Government is predicting a rate nearer 9 per cent in the year to June.

Yesterday's bad news shows just how much pain Australians will feel as they trudge the long road. The Leader of the Opposition, Mr Howard, was quick to drive the point home. "Everybody who visits a supermarket understands what is happening to the purchasing power of their average weekly pay packet," he said.

While retail prices rose by almost 10 per cent during 1986, the year saw only one national wage increase, in July, of 2.3 per cent. The only pay rise employees can be confident of getting this year is a flat \$10 a week from March, the equivalent of 2.4 per cent for the average earner.

Voters, like Mr Howard, may be "appalled" by a double-figure inflation rate and expect the Government to fix it, pronto. But the conventional way of getting inflation down — the way being advocated by the Opposition and pursued by the Government — is to ensure that wages rise by much less than prices do, inescapably causing a fall in living standards.

Now that we are moving to a two-tier wage system, yesterday's was the first CPI increase in more than three years to occur without the presumption that it would flow on to employees via wage indexation.

But this time excessive wage rises can't be blamed for the increase in inflation. As Mr Howard reminds us, wages have been running well behind prices.

The biggest price rises during December quarter — for health care, motor cars, petrol and clothing — are explained largely by the effect of the spending cuts and tax increases in the August Budget and by the delayed effect of the fall in the dollar in the middle of 1986.

So our rising inflation rate is a consequence of our basic economic problem — the huge trade deficit — and the Government's attempts to grapple with the problem.

The fall in the prices we receive for our main exports worsened the

trade deficit. This caused the dollar to fall further, and this caused the price of imported goods to rise. The Government's belt-tightening in the Budget did the rest.

The fall in export prices is also a big part of the explanation for the growing gap between our inflation rate and those of our trading partners.

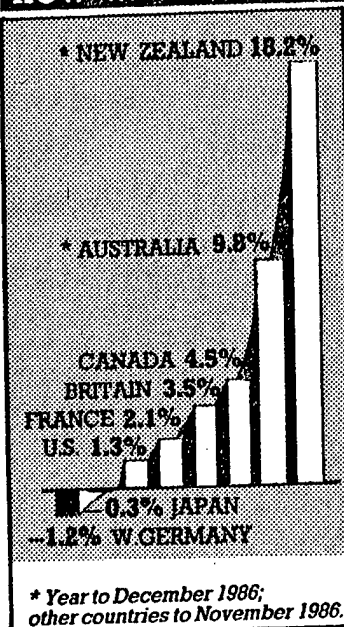
The Government and the private economists' prediction that our inflation rate will begin to fall assumes not only that wages will continue to grow at a much slower rate than prices, but also that the

dollar retains its recent stability. If the currency went into another slide, we would be off on the inflationary upswing again.

Of course, it's always possible to argue that our inflation rate wouldn't be as high as it is if recent wage increases had been smaller — or non-existent.

But if that had happened, our standard of living would have fallen more than it has. The long haul back to economic stability would be a little shorter, but the immediate pain would be greater. Rising inflation is bad news — and so are the measures used to correct it.

### HOW WE COMPARE



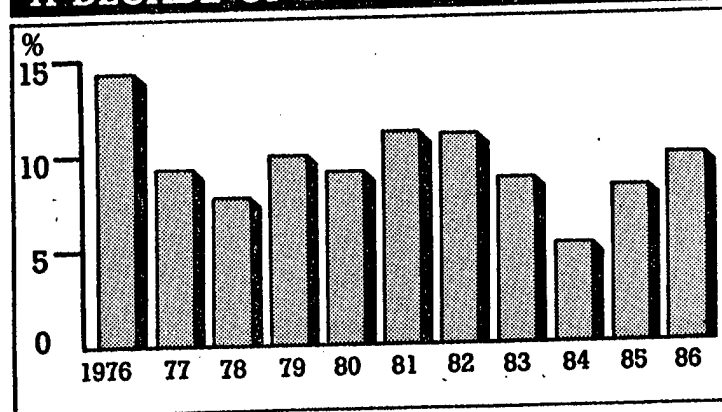
### INDIVIDUAL RISES

	Dec quarter	1986 year
Food	1.6%	8.9%
Clothing	4.2%	10.2%
Housing	1.6%	7.2%
Household equipment	2.2%	7.4%
Transport	4.6%	11.8%
Tobacco & alcohol	3.0%	10.7%
Health care	7.2%	18.0%
Recreation	1.5%	9.0%

### CITY INCREASES

City	Dec quarter	1986 year
Sydney	2.8%	9.7%
Melbourne	3.0%	10.2%
Brisbane	2.7%	8.9%
Adelaide	2.5%	9.3%
Perth	3.1%	10.0%
Hobart	3.3%	10.0%
Canberra	2.5%	8.7%
Darwin	3.5%	9.5%

### A DECADE OF INFLATION



EDITORIAL DISCUSSES WAYS TO CUT INFLATION

Sydney THE SYDNEY MORNING HERALD in English 30 Jan 87 p 10

[Editorial: "The Way To Cut Inflation"]

[Text]

MR HURFORD, the Acting Treasurer, is probably right when he says inflation has peaked and will fall significantly over the rest of the year. That is, provided that the inflationary surge of the last months of 1986 does not feed into wages, and so long as the dollar is stabilised. If the Government is successful in stabilising the dollar, inflation could fall quite sharply over the year. But that, as they say, is a very big if.

The December quarter increase in the CPI was large mainly because of measures taken in the August Budget (such as the increase in the excise on petrol and the cuts in the subsidy to private hospitals) and the dollar's mid-year depreciation. The effects of the Budget measures were much as expected. But the price increases flowing from the depreciation of the dollar were higher than expected. The depreciation pushed up the price of imports, including oil. The impact on motor vehicle prices was quite dramatic. The Budget and the direct effect of

the depreciation added nearly half a per cent to the December quarter inflation rate, which was pretty much what was expected.

But what was not expected was the extent to which the depreciation would also lead to price rises of Australian-made goods. It seems that local producers have taken advantage of the increase in import prices to lift their own prices and profits. Profiteering, some people have called it. Yesterday Mr Crean warned that it was unrealistic to expect wage restraint unless there was also price restraint. Well, perhaps some of our manufacturers have been more inclined to push up their prices than win back market share. But the evidence suggests that Australian industry is making constructive use of the depreciation. From the production statistics, it seems that manufacturers are lifting their output and manufactured exports have risen very strongly.

Anyway, if people are increasing their prices and

profits now, it is likely that they will increase their output later on. If the depreciation makes it profitable to increase production, business people usually can be counted on to respond. What looks to some like profiteering, is really just a normal step towards increased investment and output.

The important thing now is that the inflation resulting from the depreciation and the Government's Budget measures is not built into wages. Fortunately, the formal link between the consumer price index and wages has been broken. But the December quarter CPI will increase the pressure on unions to try to restore the real wages of their members by collective bargaining and phoney produc-

tivity deals. Only if the Arbitration Commission can contain those pressures, will inflation ease over the coming year.

And only if those wages pressures are contained, and the current account deficit continues to improve, will the Government be able to stabilise the dollar. A relatively strong dollar could allow a fairly rapid reduction in the level of inflation over the year. That, of course, may require tough discipline from more than just the unions and employers. Until it is clear that import-competing and export industries are expanding production and winning back market share, the Government will have to keep the dollar firmly propped up with high interest rates.

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CSO: 4200/397

# HAWKE OFFERS TARIFF CEILING FOR SUBSIDY REDUCTIONS

Sydney THE SYDNEY MORNING HERALD in English 30 Jan 87 p 1

[Article by Mike Steketee: "PM Offers Tariff Protection Ceiling"]

[Text]

DAVOS (Switzerland), Thursday: The Prime Minister committed Australia today to a ceiling on tariff protection in return for steps by the United States, Europe and Japan to reduce agricultural trade subsidies.

In a speech at this Swiss ski resort to a meeting of government and business leaders from around the world, Mr Hawke unveiled a plan to tackle what he described as the disintegration of the global economic system and the threat to world security which this was fuelling.

He proposed:

- A "cease-fire" in the agricultural subsidy war, with a freeze on the level of all subsidies.
- A phasing-down of subsidy levels to reduce the gap between low international prices and high domestic prices received by farmers.
- The orderly disposal of the huge stockpiles of commodities held by Europe and the US.
- An income-support mechanism for farmers to replace price subsidies which wreck national markets.

Mr Hawke suggested that specific goals be set to coincide with a series of trade meetings this year.

His speech to the World Economic Forum, a privately sponsored annual meeting which attracts senior political and business leaders from around the world, was aimed at winning support for a comprehensive initiative to address the problem

which is dragging down Australia's terms of trade and reducing its living standards.

His conditional promise to "bind" all Australian tariffs is designed to signal Australia's sincerity in reducing its own import protection on manufactured goods.

The binding of tariffs under the provisions of the General Agreement on Tariffs and Trade (GATT) means that if tariff levels are increased, reductions have to be negotiated in other areas.

At present, only a small proportion of Australian tariffs are bound, as are those of most other countries.

The effect of binding all tariffs would be to prevent any increase in Australia's overall tariff level.

The effect of current Government policy is to bring down import protection barriers gradually, but the "binding" decision, made by Cabinet late last year, would impose an additional discipline on this and future governments.

The impact Mr Hawke's proposals make in the short-term are likely to be limited, given the long-standing European subsidies policy and the political imperative driving the American response to them.

But Australian officials argue that they add to the momentum already created by Australia's setting up of the fair-trading group of nations and the listing of agriculture at the Multilateral

Trade Negotiations Conference in Uruguay last year.

In an Australian election year, the Hawke plan is a sign of the Government's seriousness in tackling the agricultural subsidies problem.

In his speech, Mr Hawke put his initiative in the context of history and world security, saying World War II was in large measure the product of the failure of political leadership to recognise and adjust to the collapse of economic relationships between and within nations.

Now, the stability and co-operation which had produced world growth and prosperity had gone and the clear economic leadership of the US had dissipated, he said.

In place of superseded assumptions and inherited ideologies, governments had to base their decisions on the complete interdependence of nations.

"We must avoid anything resembling a return to the economic insanities of pre-1939," Mr Hawke said.

"For let me emphasise this point: I have said the world paid a heavy price in World War II for its incapacity to read and resolve the emerging economic autarky of the twenties and thirties.

"Horrendous as that price was, it would be as nothing compared to the consequences of conflict in this nuclear age."

Government leaders had to prevent the germination of the deadly seeds of protectionism.

"We must be alive to the plausible thesis that commercial tensions, if allowed to fester, will over time erode Western political and security relationships to the point where they eventually lose their day-to-day vitality," Mr Hawke said. "We could be left with form but little substance."

Protection was spreading "like the plague" and nowhere was the need for action greater than in the trade and agricultural products, which was in its deepest crisis since the Depression.

Since the beginning of the decade, international wheat prices had fallen by nearly half and sugar prices by more than two thirds and yet the stockpiles in these products was still growing.

Among the "ludicrous anomalies" was budgetary assistance in the EC and US directed to farmers who in many cases were wealthier than the average income earner whose taxes provided the support.

Farm support programs for 1986-7 were estimated at \$US23 billion in the EC and \$US26 billion in the US while Japan in 1985 had outlayed more than \$US10 billion.

But despite the huge subsidies, the incomes of protected farmers had not recovered and farm bankruptcies were continuing.

OFFICIAL EXPRESSES HOPE FOR END TO FARM SUBSIDIES

Sydney THE SYDNEY MORNING HERALD in English 30 Jan 87 p 5

[Article by Stephen Hutcheon]

[Text]

CANBERRA: If lasting adjustments to world agricultural trade policies are to be achieved, changes to domestic rural policies need to take place within the next six months, according to the Secretary of the Department of Primary Industry, Mr Geoff Miller.

Mr Miller, who was addressing the National Agricultural Outlook Conference yesterday, admitted that the chances of success were slim but not hopeless.

Three recent developments had given him cause for hope, he said.

The first was that the burgeoning agricultural stockpiles around the world had meant that the cost of subsidising this production was now hurting many governments and that consequently "they can't keep shooting themselves in the leg forever".

The second ray of hope lay in the large number of professional administrators and politicians Mr Miller had met around the world who were dedicated to reforming the present mess.

The final reason was the success of the so-called Cairns Group, a group of countries which advocates free trade, and the Punta del Este declaration made in Uruguay last year launching the new round of multilateral trade talks.

But Mr Miller stressed that unless there was a complimentary process of agricultural reform undertaken by the major protagonists in this trade war, the new

round of talks on the General Agreement on Tariffs and Trade would fail.

As another speaker pointed out, however, the mere fact that GATT talks were about to take place was no guarantee that the degree of agricultural protection would diminish.

The professor of economics at the University of Chicago, Professor D. Gale Johnson, said that after the past three GATT rounds, agricultural protection in Western Europe, North America, Japan and some of the emerging nations of East Asia had in fact increased.

He amplified Mr Miller's views that there would be no liberalisation of trade without making the farm programs more market-oriented than they now were.

"But it is unreasonable to expect free trade to emerge in this century," he said.

Also at the conference yesterday:

### WOOL

The Australian Wool Corporation has announced a new international marketing strategy aimed at curbing any future over-supply in the industry.

While the Bureau of Agricultural Economics predicts the current wool boom will fade in the coming financial year — with prices falling and sheep flocks increasing — the chairman of the Wool Corporation, Mr David



Asimus, said this forecast was far too pessimistic.

While the wool industry could not afford to be complacent, it was now better placed to respond to developments in the market and continue its contribution to the Australian economy, Mr Asimus told the conference.

The corporation would today consider proposals put forward by the International Wool Secretariat for expanded promotion.

#### **WHEAT**

The conference was told wheat production was likely to fall every year until 1991. Prices per tonne would also drop.

The commodity's declining profitability compared with other rural enterprises would be largely responsible for the drop in production, the BAE said.

#### **SHEEPMEAT**

In its five-year sheepmeats forecast, the BAE said returns to lamb producers would be "reasonable" until the early 1990s.

Mutton prices would rise but remain low relative to previous levels, while live sheep exports were expected to increase only marginally.

#### **FORESTRY**

The BAE forecast a strong demand for forest products in the medium and long term, despite a current downturn in the building sector.

The bureau said demand for timber would average around 3 per cent growth per year up to the end of the century.

#### **DAIRY**

Returns to dairy farmers were expected to improve in the short term due to the new domestic milk marketing arrangements, the BAE said.

However, it said that over the next five years the world market for dairy products was likely to remain depressed.

Producers would then face continuing cost-price pressures and, as a result, milk production was forecast to slowly decline. The bureau said the long-term trend of declining farm numbers and increasing farm size would continue, although the exit rate was expected to be lower than the 1970s.

#### **FISHERIES**

The Australian fisheries industry would suffer a short-term cut in production levels in just about all sectors, the BAE said.

But the bureau assured the conference that these cuts would be offset by a rise in prices.

It said catches of rock lobsters, prawns, abalone, scallops and tuna would decline, largely due to lower recruitment in some major fisheries.

#### **HORTICULTURE**

A meeting of horticultural industry members at the conference yesterday put aside the usual rural sector complaints, such as interest rates and oversupply, to talk about statistics — or rather, their inability to fill out Australian Bureau of Statistics forms and the subsequent failure of the BAE to accurately predict industry trends.

It was the crux of the industry's problems, delegates said.

/9317

CSO: 4200/397

COLUMNIST VIEWS HAWKE MIDEAST DIPLOMACY

Sydney THE SYDNEY MORNING HERALD in English 30 Jan 87 p 11

[Column by Mike Steketee: "Bob Hawke, Optimist in the Graveyard of Hopes"]

[Text] (Jerusalem)

THE KING David Hotel, a grand stone building overlooking the ancient walled city of Jerusalem, is part of the brief but rich history of the modern state of Israel. In 1946, a wing housing the British Government and military offices was blown up, killing 91 people. The operation was planned by Menachem Begin, the terrorist who turned Prime Minister.

On Wednesday this week, in the President's room of the King David, Bob Hawke looked like a man staking his historical claim, though very differently from Menachem Begin, and with much less guarantee of success. There was even a Biblical allusion: he refused to "anoint" himself as a mediator or honest broker in the Middle East dispute but, if the region's leaders saw a role for him, he would be prepared to contribute.

It was slightly reminiscent of his statement in 1977 that he was not prepared to give up his job as President of the ACTU to put his "bum on a backbench seat" in Parliament. In other words, he wanted to be asked nicely to become Labor leader. What a hide, said everyone in the Labor Party.

Equally, the few American correspondents at his news conference on Wednesday could well have thought that the leader of a small nation far from the Middle East was behaving just a little presumptuously. Cer-

tainly, Mr Hawke was at his super-confident, swaggering best, mowing down Israeli journalists who suggested in their questions that he was perhaps not the fount of all wisdom on the Middle East.

Despite all his disavowals and all his qualifications, here was the Prime Minister of Australia making it crystal clear that he thinks he has a role to play.

There have been few Australian leaders able to resist turning their hand to international statesmanship. Menzies' main effort sank in the Suez and, until Mr Hawke, no Prime Minister had returned to the Middle East. Whitlam, who had an understanding of foreign policy rarely matched in Australia, succeeded in opening the door to China, but otherwise avoided trying to save the world. No such inhibition befell Malcolm Fraser, who hawked around overseas capitals his plan to shift a little of the economic balance to developing countries — and, incidentally, agricultural exporting nations like Australia. Since then, the North-South problems have grown worse. Last night, in Switzerland, Mr Hawke put forward his own detailed plan for a cease-fire in the agricultural subsidy war. The US and Europe will listen but feel unsurprised and unthreatened by Australia's stridency in an election year.

But Mr Hawke's bid for a slice of the dangerous action in the Middle

East is in a different category. If it were purely domestic politics with which he was concerned, he would have stayed well away, given the powerful potential for offending either Jews or Arabs in Australia.

But Mr Hawke has had a yearning to come back to the region ever since he became Prime Minister. His increased stature is part of the reason.

His love of being loved is another, fully satisfied on this trip, where the media, and many of those whom he has met, have been lyrical in their praise. A paragraph in the *Jerusalem Post* a week ago gives the flavour: "Hawke might not fulfil Israel's legal definition of a Righteous Gentile — someone who, at risk to himself or herself and for no monetary gain, protected Jews from the Nazis — but if the category were ever broadened, his name would undoubtedly be at the top of any Israeli's list of candidates. Indeed, it is this element of admiration and trust that sets Hawke apart from the stream of international statesmen and would-be statesmen ..."

That was written before Mr Hawke's arrival and such language is unlikely to be repeated in the light of his conspicuously even-handed public statements since. But this kind of praise must be music to the ears of a man often characterised in Australia these days as a weak, indecisive leader.

The third factor is that Mr Hawke is in his element here. He made his mark as trade union leader by resolving apparently irreconcilable disputes, using the power of his intellect and the force of his personality to bring parties together. At the core of his approach to politics has been a readiness to see the merits of both sides of an argument.

**W**HEN IT comes to irreconcilable disputes, the Middle East is the daddy of them all. Can Mr Hawke seriously think he can make any impact in a nation whose Prime Minister, Yitzhak Shamir, is said to have been a tougher terrorist than Menachem Begin and about whom a veteran Israeli journalist said recently: "He never believes an Arab — any Arab — rarely believes a non-Jew and basically thinks that no news is good news in any area of

national life." Can Mr Hawke really see hope in a situation where the liberal-Labor establishment made up predominantly of European Jews is rapidly being replaced by a hard-line, dogmatic and often religiously militant group dominated by Oriental Jews? One of the fastest-growing of the small parties in Israel in recent years is the Kach Party led by Rabbi Meir Kahane, who advocates expelling all Arabs from Israel.

Yet Mr Hawke is optimistic: it is another one of his characteristics. Mr Shamir might be inflexible but there are plenty of other people in the Government who realise the merits of what he, and moderate Arab states such as Jordan, are putting. While many have argued that there has seldom been a worse atmosphere for making progress in the peace process, Mr Hawke believes the opposite. He argued at his news conference on Wednesday that Israel was now living in a markedly different environment to that during his earlier visits, starting in 1971. Israel's neighbours no longer sought its elimination and therefore Israel was under a greater obligation to talk to them.

As he has been stimulated by his talks in Jordan and Israel, so his thinking on advancing the peace process has developed. King Hussein of Jordan, together with the kosher, non-PLO Palestinians whom Mr Hawke saw on Wednesday morning, convinced him that the PLO had won overwhelming acceptance among Palestinians. It was the single common denominator among the widely dispersed Palestinians, one of those attending the meeting said. Mr Hawke was also persuaded that, although the PLO still had the destruction of Israel on its books, it was prepared to accept the reality of its continued existence, as long as it was not required to say so publicly.

Mr Hawke's arguments during a three-day visit to Israel are hardly likely to lead to a breakthrough in a conflict which dates back thousands of years. But at the same time, Mr Hawke is more than just a minnow among whales. His credentials in Israel are excellent and he has injected his arguments into the public debate. They are not original proposals but, given Mr Hawke's standing in Israel, they do carry some weight. At the same time, his credentials have been an advantage in speaking

frankly to the Israelis without their doubting his motives.

He has conveyed to Mr Shamir and the Foreign Minister, Shimon Peres, what he believes to be the sincerity of the peace proposals of Jordan's leaders — attitudes which Israel's leaders can only glean otherwise through sporadic and furtive contact.

One of the meetings in Israel which left a strong impression on Mr Hawke was that with Abba Eban, former Foreign Minister and now Chairman of the Knesset's Foreign Affairs and Defence Committee. He asked Mr Hawke, as an ally, to urge the US to get more involved in the peace process. Under the Reagan Administration, there has been a considerable fall in interest in the Middle East. Yet the US, with its enormous influence, financial and otherwise, on Israel, is the only country which has produced meaningful progress in peace negotiations.

The second message Mr Eban asked Mr Hawke to convey was to the moderate Arab nations (he will be visiting Egypt at the start of next week). This was that the hard-line approach Israel traditionally adopted bore little relationship to how it would behave if negotiations started. The example he quoted was the Camp David accords, in which Mr Begin conceded not only the whole of the Sinai but also the oil wells in it — unimaginable concessions before the talks began. The foundation of Mr Eban's argument was that, when the

opportunity comes to make history, few leaders can resist the call. Mr Eban served to feed Mr Hawke's optimism.

**M**R HAWKE has scraped a few shoals in the hazardous waters of the Middle East. Jordan's proposal, which he endorsed, of an international conference as the best way of restoring some momentum to the peace process, fell on the deaf ears of Israel's Prime Minister. But they coincide with the views of Mr Peres. Two incidents during the trip have angered Arab voters and sections of the Labor Party in Australia: the Government's refusal of a United Nations request to hold a Middle East seminar in Australia attended by a PLO representative; and the invitation to visit Australia issued to Ariel Sharon, dismissed as Defence Minister over the 1982 Beirut massacres, and now Minister for Industry and Trade. But both these events would have occurred whether Mr Hawke had gone to the Middle East or not, though the timing of the first may have been different.

Mr Hawke's contribution to the peace process may be modest, though he would dearly like to play a major role. But in the Middle East, even to keep talking is a step forward. To date, Mr Hawke has handled the difficult diplomacy of this trip well and he has enhanced his standing as a leader.

/9317

CSO: 4200/397

ACTU PROMISES HAWKE TO CURB STRIKES

Sydney THE SYDNEY MORNING HERALD in English 31 Jan 87 p 1

[Article by Mike Steketee]

[Text]

GENEVA, Friday: The Prime Minister, Mr Hawke, has received an undertaking from the ACTU that trade unions will consult with potential foreign and new Australian investors to try to reach agreement on industrial relations.

Mr Hawke said in the Swiss ski resort of Davos today that the agreements would be within the national wage framework, but could include conditions of work.

But of particular importance would be agreeing on dispute-settling procedures with the aim of making strikes a last resort.

As far as possible, this would mean no strikes, though unions would retain their ultimate democratic right to withdraw labour.

Mr Hawke said he had received the undertaking in a series of discussions with the president of the ACTU, Mr Simon Crean, and its secretary, Mr Bill Kelty. The talks had been held over several weeks, both informally and at meetings of the Australian Labor Advisory Council.

Mr Hawke, who put detailed proposals to tackle the agricul-

tural trade war in a speech in Davos yesterday to the World Economic Forum, is spending today trying to convince leading businessmen from around the world to invest in Australia.

He said at a news conference that there remained a lingering perception that a disadvantage for Australia was its industrial relations record.

He argued that this was no longer the case, and cited the co-operative ACTU attitude as evidence.

The ACTU agreed that it made sense for new investors to have a clear idea of the industrial relations framework in which they would be operating.

"It is plain stupid for an investor to spend all his time with his finance managers or engineers when he is talking about building an enterprise and not make sure about the industrial relations situation under which he will be operating.

"What investors don't want is a position where they are not sure about their continuity of operations.

"Where I think the most significant discussions could be in

laying down dispute-settling procedures so that, in the event of some disagreement, there is not just a resort to direct action, but you have lines of communications," Mr Hawke said.

Asked about Australia's high inflation rate, highlighted by the 2.9 per cent increase in the Consumer Price Index in the December quarter, he said the Government had managed to halve the inflation rate in its first two years and, with the effects of the depreciation "washing through", the rate of price increases would be falling in 1987.

The depreciation had given an enormous boost to Australia's competitive position, which outweighed any disadvantages from the inflation rate.

As well as falling inflation, the prospects this year were for the declining interest rates and wage increases in line with budget forecasts, and better than most of Australia's trading partners.

Mr Hawke received a good reception to his speech yesterday to the World Economic Forum, with conservative Australian businessmen such as Hugh Morgan of Western Mining Corporation among those to congratulate him.

/9317

CSO: 4200/397

COLUMNIST ANALYSES LIBERAL PARTY LEADERSHIP DILEMMA

Melbourne THE AGE in English 9 Feb 87 p 13

["Comment" by Michelle Grattan--"Pity the Poor Liberals: Now They're All Looking A Bit Wet"]

[Text]

**C**ONSIDER this question. If you were a Liberal backbencher anxious to win government or hold a marginal seat, would you think it a good idea to put John Howard out of the leadership and bring Andrew Peacock back?

It is a question that Opposition members are not able to get out of their minds, even though they are not formally faced with it. When they think about it, it is one they cannot come to grips with. There is a good reason for that: it is a question without an obvious answer. For the Liberals the leadership now seems to have become an insoluble problem.

The tensions building up in the Liberal Party are great. Nobody knows when they will come to a crunch, or even if they will. History does suggest, however, that when there is a lot of dynamite around, eventually there is a bang.

Most Liberals believe Howard continues to have the numbers. Not that he would be silly enough to test that proposition. Indeed, Peacock may have harmed his numbers, at least for a little while, by last week's flirtation with Sir Joh Bjelke-Petersen.

Howard's future revolves around the polls and chance factors. In this climate a slip or a sudden feeling of panic overcoming the party could undermine him totally. He keeps talking about the lead he has maintained

for seven months. That lead is threatening to turn into the plasma drip. The essence of his existence is insecurity.

The Liberal Party simply seems unable and unwilling to settle down under Howard's leadership. It is living in a state of fevered, seething restlessness, obviously a symptom of deep malaise.

The Wets (who prefer to be called moderates) are convinced that now is the time when the crucial battles for the party's heart and soul must be fought. They distrust and dislike Howard on two grounds: his Dry policies and his failure to consult them enough.

But the Wets have had their problems with Peacock, even before his conciliatory stance over Sir Joh, which has badly rattled a few of them. Peacock went into the 1984 election with some very dry policies.

There would be one obvious advantage of tossing out Howard and returning to Peacock: Peacock is overwhelmingly more popular than Howard. Howard's problem in the electorate seems to go beyond just not being popular; he is positively unpopular. It used to be said that Bill Hayden was too ordinary to capture people's imagination. Howard has that difficulty.

But there is another aspect. One leading Labor politician, talking privately about why Howard had so much electoral trouble, opined that it was partly because he

didn't seem to do the things ordinary people did. In other words, Howard is both too ordinary and not ordinary enough.

He ritualistically turns up to sporting matches and has a personal interest in sport, but not the sort of preoccupation or identification of a Hawke or a Peacock. When he is seen on television, it is always as the earnest chap discussing very serious things. (At least, that is on his good days; these days, he's mostly seen fending off questions he cannot or will not answer.)

There is no doubt that Hawke would fear Peacock more than he does Howard as Opposition Leader, at least if Peacock took over close to the election. A leadership change shortly before the election could mean that Peacock got a second honeymoon through the campaign. If a change was made early, however, Hawke reckons he would have time to destroy Peacock.

Against Peacock's superior marketability, the Liberals have to weigh several negatives. Recycling a leader before his successor has fought an election looks pretty stupid. But the Liberals do so many things that make them look absurd these days that this is a minor consideration, much less than it seemed last year.

More substantial is the fact that Howard probably would decline to serve on the front bench. It is possible when it came to the point that he would soften his position, but more than possible he would not (anyway Peacock would not be able to accept him as deputy, reinforcing Howard's inclination not to serve). And that would be a disaster.

For all his faults, what policy-making quality the Liberal front bench has comes from Howard. Who would Peacock have as shadow treasurer? Certainly not Jim Carlton. Presumably someone like John Moore, who was promised the job when Peacock in-

duced him to make his disastrous run for deputy in September 1985, the failure of which triggered the leadership change. Maybe Moore would not be worse than Carlton, but you could bet he would likely be as bad. And there would be no Howard to back him up.

So a leadership change would produce a more showy top man — and an even worse Opposition front bench (if that is possible). How much weight do you give each?

Peacock's trouble would be that he would inherit the same divided party that Howard is finding so hard to discipline. He would almost certainly have to be quite Dry in his policies, because, for all the noise the Wets make, the Dries still have the numbers. Anyway, there is no sign that Peacock, who took the party right in 1983, is not basically Dry these days. Indeed there is not much sign what he is ideologically, but that's an old story, and an old Peacock problem.

Observing Howard's failure to communicate adequately with his party dissidents, Peacock as leader second time around would know that the ability to do this is crucial for keeping the troops together. Although whether leader Peacock would do better coping with people like Howard and Carlton than leader Howard does with Peacock, Macphee, Burr, etc is a moot point.

All this amounts to one very nasty dilemma for Liberals thinking about the coming year. They have so weakened Howard by internal bickering, and he has so weakened himself by not handling his problems well, that he is now a lameduck leader. His every slip is waited for; he spends more than half his time on the defensive. But if they changed to Peacock they would face another set of horrendous troubles.

No, you wouldn't want to be a Liberal backbencher just now. Better to be a Government one, even in a marginal seat.

/9317

CSO: 4200/397

EDITORIAL URGES INCREASED PURCHASES, AID TO PNG

Sydney THE AUSTRALIAN in English 9 Feb 87 p 6

[Editorial: "We Should Give Help to PNG"]

[Text]

THE call by Papua New Guinea's Deputy Prime Minister, Sir Julius Chan, for increased Australian purchases of his country's commodities is welcome and makes good sense – both economic and political – for Canberra.

Australia was the administering power in PNG, and Australian aid still dominates the nation's economy. Last year's \$10 million cut in our aid was a serious psychological blow to the PNG Government, and this move – and the natural, if misplaced, feeling it may have engendered, that Canberra was lowering Port Moresby on its list of priorities – may have contributed to some of that country's recent economic and political gambits.

Sir Julius also said last week that a fishing rights deal with the Soviet Union was under consideration by his country's Government, provided "security aspects" of such a deal could be controlled. The prospect of such an agreement should alarm Australia, both because it encourages Moscow to develop an economic and diplomatic role in an area where it has hardly any profile at all, and because it reduces the influence of Canberra in our own region.

The fishing rights negotiations between the South Pacific States and developed nations such as the United States, Japan and the Soviet Union are not straightforward economic talks: rather, these deals are more in the way of aid programs, contracts under which richer countries can boost the development of small States at the same time as purchasing their goods.

Everyone understands that when the new nations of the South Pacific solicit such trade deals, they are offering not only an economic exchange, but also a degree of diplomatic influence – as do other nations that extract a price for basing rights or military alliances. This is why last year's US mishandling of fishing rights talks with the South Pacific Forum nations was such a dangerous political miscalculation. The US spends a miniscule portion of its annual Budget in aid to the South Pacific, given the region's vital strategic importance.

A Soviet fishing deal with PNG, coming in the wake of last month's agreement with Vanuatu, would mark a further distinct gain for Moscow.



But reported claims by PNG officials that last week's US decision against signing the South Pacific Nuclear Free Zone Treaty would "anger" South Pacific leaders, and make them more inclined to consider Soviet fishing deals, are simple blackmail.

The US has good reasons for not signing the SPNFZ Treaty. In so far as this unverifiable treaty would have any force at all, it would restrict American nuclear activities; it would have no effect on the Soviet Union, the principal nuclear power in the North Pacific.

As the leading regional power, Australia should be going out to the micro-States of the South Pacific, listening to the voices of the region and making its own security concerns well known. There should be no vacuum of ideas, diplomatic initiatives and power into which the Soviet Union can project itself.

A fine starting point in a campaign to build up our economic presence in the Pacific would be an aggressive trade program, just as Sir Julius recommends, strengthening the economy not only of PNG but of all the island States of our region.

/9317

CSO: 4200/397

## AUSTRALIA

### BRIEFS

BEAZLEY ON NEW ZEALAND DEFENSE POLICY--Australia's defense minister, Mr Beazley, has praised New Zealand's recent defense policy paper saying it will greatly increase military cooperation between the two countries. Speaking in Wellington, Mr Beazley urged New Zealand's Lange government to maintain its current military capabilities as outlined in the defense white paper. These include the Navy's capacity for antisubmarine warfare, the Air Forces' ability in long-range maritime patrols, and air defense capabilities. Mr Beazley said Australia accepted the fact that it would incur extra costs in separate military and intelligence exercises with both America and New Zealand because of New Zealand's recent rift with America over visits by nuclear warships. [Text] [Melbourne Overseas Service in English 0830 GMT 7 Mar 87] /9599

HAYDEN ON CALEDONIA POLICY--The minister for foreign affairs, Mr Hayden, has told the French daily newspaper LE MONDE that he believes France has a role in the future of New Caledonia. But Mr Hayden was critical of the French Government's plan for a referendum on independence. According to the newspaper, he also hit back at French criticism of Australia, saying there was no Francophobia in Australia and denying that Australia had played a leading role in having the French Pacific territory reinscribed on the UN list of nonself-governing territories. Mr Hayden endorsed the plan for the former socialist government for New Caledonia which proposed independence linked with a continued association with France. The foreign minister expressed regret that the present government's proposals did not contain this option as well as other alternatives such as maintaining the status quo or providing for a national autonomous government. [Text] [Melbourne Overseas Service in English 0830 GMT 10 Mar 87] /9599

CSO: 4200/388

# JOURNALISTS BRIEFED ON OPERATION 'MOHEIN'

BK071622 Rangoon Domestic Service in Burmese 1300 GMT 7 Mar 87

[Text] Foreign military attaches based in Rangoon led by Colonel Khin Nyunt of the Ministry of Defense, officials from the United Nations-Burma Narcotics Control Board, and local and foreign journalists led by U Khin Maung Aye, managing director of the News and Periodicals Corporation of the Ministry of Information, today visited Taunggyi in the Eastern Military Command to observe "Operation Mohein Phase XI" launched under the auspices of the No. 1 special military operations unit of the Ministry of Defense and the Eastern Military Command in (Mong Talang) and (Mong Kwan) in Mong Hsat township in the Shan state.

The party of foreign military attaches and the local and foreign journalists left Rangoon Airport at 0700 today in two army Fokker planes for Heho. Upon arrival in Heho, they were welcomed by responsible officials of the Eastern Military Command and the Shan State People's Council. The party of military attaches and local and foreign journalists left Heho in cars and arrived at the Eastern Military Command Headquarters in Taunggyi at 0815. It was followed by a briefing on "Operation Mohein Phase XI" in the Salween hall of the Eastern Military Command.

The briefing was attended by the commander of the No. 1 special military operations unit of the Ministry of Defense, the chairman of the Shan State Regional Party Committee, the commander of the Eastern Military Command, and responsible officials from the party, council, police, and Army.

First, Colonel Khin Nyunt of the Ministry of Defense said the foreign military attaches and local and foreign journalists have been invited to have explained to them the destruction of opium refineries of the Loimaw insurgents with the "Operation Mohein Phase XI" and to be shown captured equipment. He asked to be excused for not being able to bring the party to the frontline camps due to limitations by time and climate.

He said that at the time when all the countries and peoples were fighting the dangers of narcotic drugs which threaten the entire humanity, the destructive insurgent organizations in Burma with the sole aim of their own survival, were engaged in all phases of narcotic drugs production from cultivation to trafficking, processing, and sale. Hence, the Army and the People's Police Force, together with the people, have launched various phases of "Operation

Mohein" to fight the narcotic drugs and have exposed and carried out arrests in towns and villages throughout Burma to effectively fight narcotic drugs.

He added that during this year, under the "Operation Ngayeban [Hell Flower] Phase VII," acres of opium plantations were destroyed on land as well as from the air. He said opium plantations were destroyed by aerial spraying under "Operation Taung Yan Shin Phase III". He said Army military columns blocked and smashed insurgent opium routes.

He disclosed that between 20 and 28 February 1987 "Operation Mohein Phase XI" was launched to smash opium refineries of Loimaw insurgents in (Mong Talang) in Mong Hsat township.

He said that although Burma had been relentlessly carrying out antinarcotic activities at various levels some persons abroad did not fully understand these efforts and had been expressing their own views lightly and discrediting Burma's efforts. Burma, which had been carrying out the national campaign against narcotics for many years, had never attempted to publicize its efforts. He expressed his view that it was probably because of this that those who had not been to Burma and who had not understood Burma's efforts had expressed their views lightly on the country's antinarcotics campaign. He said Burma would continue its national campaign against narcotics relentlessly.

Next, the commander of the Eastern Military Command explained how the Army and the People's Police Force, with the assistance from the local people, effectively and successfully destroyed 40,225.20 acres of opium plantations during the 1986-87 opium cultivation season under Operation "Taung Yan Shin" and "Ngayeban."

The commander of the frontline 88th Light Infantry Division explained the military operation under "Operation Mohein" saying that it was carried out in (Mong Talang) in Mong Hsat township in eastern Shan State. He said the Loimaw insurgents led by Khun Sa alias Chang Si-Fu of the Shan United Army [SUA] operating in Thai-Burma border area are engaged in opium refineries in the area. He said about 400 insurgents led by (Chan Si Yin) are deployed in the area and that major opium refineries are located in areas about two hours drive east of (Mong Talang). He said that the regiments from the 88th Light Infantry Division under the command of the Eastern Military Command were deployed under "Operation Mohein Phase XI" from 17 to 28 February 1987 to smash opium refineries of SUA insurgents in the area. The enemy deployed about 100 men at the camps at (Shedar), (?5009), and (Phat Tu Mein) and two battles took place with them during the operation by our Army. The enemy retreated toward north with heavy casualties. Two from the government side laid down their lives and two were wounded during the operation. The government troops searched and captured for opium refineries. Captured opium refining paraphernalia and chemicals revealed that heroin was refined through various stages from raw opium and that it was believed that alcohol was processed in the opium refineries.

Over 200 cans of chemicals, including alcohol and hydrochloric acid and other chemicals, both in liquid and powder form, equipment used in heroin processing, over 500 empty cans, and 4,500 baskets of paddy stored by the enemy were seized from the four opium refineries belonging to the enemy.

He added that the Army together with the people attacked and smashed opium refineries, destroyed opium plantations, and intercepted and smashed insurgent opium routes. He said 22,630 acres of opium plantations were destroyed through aerial spraying by planes during 1986-87 under "Operation Taung Yan Shin Phase III." He said under "Operation Ngayeban Phase VII" 17,595 acres of opium plantations were destroyed on land. Hence, a total of 40,225 acres of opium plantations were destroyed during the operations.

Next, U Tun Lin, deputy director of the People's Police Force, explained in detail the destruction of opium plantations by aerial spraying with planes, destruction of opium plantation by the Army and the People's Police Force with the cooperation of local people, and seizure of narcotic drugs during this year.

After a video show on "Operation Mohein Phase XI" in (Mong Talang) and (Mong Kwan) in Mong Hsat was shown to foreign military attaches and local and foreign journalists, authorities concerned answered their questions.

U Tun Lin of the People's Police Force answered the question on whether the use of chemical 24-D, used in destruction of opium plantations by aerial spraying in Burma, was harmful to human, living creatures, and crops. He said that Burma carried out area aerial spraying only after stationing its troops around the opium plantations and that a three year experiment up to today has shown that none of the troops had been affected by the chemical.

Next, an expert from the Agriculture Corporation explained in detail the use of 24-D. He said prior to use of 24-D experiments have been carried out on goats and dogs and crops in Pinlaung and Pekon area since 1984. He said the experiments showed that the chemical had no adverse affects on living creatures, forests and crops and that experiments were carried out on land contamination, water contamination, and spread of the chemical.

The foreign military attaches and local and foreign journalists then viewed opium refining paraphernalia, chemicals, seized during "Operation Mohein Phase XI" and opium seized by the Army and the People's Police Force, pictures and records of aerial spraying carried out under "Operation Taung Yan Shin Phase VII" and the authorities concerned provided explanations.

The foreign military attaches and local and foreign journalists left Taunggyi for Heho by car and left Heho in Army Fokker planes and arrived back in Rangoon in the evening.

/12913

CSO: 4211/32

BURMA

BRIEFS

PEOPLE'S ARMY CLASHES WITH TROOPS--On 12 February, a small unit of the People's Army repulsed an attack by a military government mercenary unit which had climbed the (Ho Nan Tawng) range in Momauk region. The counterattack killed two enemy soldiers and wounded two others. On 7 and 8 February, troops from the (?88th) Infantry Regiment of the military government crossed in force to the western side of Keng Tung region. ?The attacking enemy forces were counterattacked by People's Army units. According to incomplete reports, 10 enemy soldiers, including a mercenary lieutenant, were killed, and 35 others, including 2 mercenary lieutenants, were wounded. While retreating, the enemy soldiers, hit hard by the People's Army burned and destroyed paddy stocks which would have fed 140 people from 50 households for one year. [Text] [(Clandestine) Voice of the People of Burma in Burmese 1200 GMT 5 Mar 87 BK] /12913

CSO: 4211/32

## OPPOSITION COALITION MANIFESTO OUTLINED

Suva SUNDAY SUN in English 23 Feb 87 pp 1, 2

[Text] In the presence of about 2000 supporters, the National Federation Party-Fiji Labour Party Coalition yesterday launched its manifesto for the general election and officially started its campaign.

The policy statement lists crime and corruption, discrimination against women and secrecy in government as major targets of a Coalition Government.

It promises an independent (non-aligned) foreign policy, support for independence in New Caledonia, French Polynesia and "West Papua" (Irian-Jaya), and opposition to nuclear weapons and waste dumping.

The 24-page manifesto released at Lautoka yesterday also contains a promise not to nationalise any business or industry and to set up a Native Lands and Resources Commission which would, in full co-operation with the Native Land Trust Board:

- ° Seek to maximise the use of land, sea, forests and mineral resources;
- ° Provide and ensure greater security of tenure for all tenants; and
- ° Secure fair returns to the owners of land and other natural resources.

At a special ceremony at the Girit Hall, former speaker of the House of Representatives Raojibhai Dayabhai Patel administered the pledge taking by the candidates.

Coalition leader Dr Timoci Bavadra, in a 16-page speech, said:

"The Coalition Government will make crime detection and prevention a matter of national priority. Our people must walk the streets without fear, our children must be able to play without being molested by hooligans, and our women must go about without being assaulted.

"Our people's personal safety and the security of their property must be ensured by any Government worth its salt. To make a place a desert and call it peace is what the Alliance rule is doing to our streets.

"The Coalition Government's major challenge is a fair deal for our women. Many barriers and prejudices still exist which discriminate against women from participating fully and equally in the affairs of the nation. In some respects women are treated by law as having inferior rights to men.

"The Coalition Government will amend all such discriminatory laws."

Dr Bavadra said the coalition would pay particular attention to the problems of working women, and take positive steps to eliminate all forms of exploitation and discrimination against women in employment. It would ensure the women were adequately represented in decision making structures at all levels, and would establish national machinery to that end.

"We will eliminate secrecy concerning the workings of the Government," Dr Bavadra said. "We will review the operation of the Official Secrets Act so the government is more open and more accountable to the public.

"The functions and powers of Government have expanded considerably. This has led to the exercise of discretionary powers by senior civil servants and Ministers of the Crown.

"The Coalition Government will institute legislative and administrative checks and balances to ensure that discretionary powers are not misused. The Coalition Government will guarantee that the rights and freedom of the individual citizen is safeguarded."

Dr Bavadra said a Coalition Government would enact anti-corruption legislation to curb corruption particularly among the holders of public office. It would require that, upon assuming public office, all public officers declare their assets to avoid conflicts of interest which might affect the performance of their duties."

It would uphold the independence of the judiciary and ensure that it was free from political interference and influence.

"The Coalition Government recognises that justice delayed is justice denied," he said.

"It will provide the judiciary with the resources necessary to carry out its functions speedily and efficiently. We will introduce legislation to allow for the appointment of more judges and improve their working conditions.

"The Coalition Government is committed to pursuing a foreign policy that is in the best interest of Fiji and the world. As an independent and sovereign nation, Fiji must exercise her right to pursue an independent foreign policy. The Coalition Government believes in non-alignment and will do all in its power to pursue a coherent non-aligned policy.

"The Coalition is firmly committed to the right of self-determination of all people. It affirms our support for self-determination of the people of Kanaky, West Papua, and those under French colonial rule in Polynesia. The Coalition Government will do all in its power to seek peaceful solution to countries striving for independence.

"The Coalition Government is committed to the cause of nuclear disarmament and believes that it must take all steps necessary to end the threat of nuclear holocaust.

"The Coalition Government will work towards a nuclear free environment and will oppose the carriage, testing, storage, and manufacture of nuclear weapons or the dumping of nuclear waste within the South Pacific region.

"The Coalition Government recognises the need for a co-ordinated policy on all forms of aid currently available in Fiji. A Coalition Government will set up a National Aid Council which will be responsible for acquiring, managing and allocating all forms of aid received. Such allocation will be made on the basis of need. A Coalition Government will ensure that strict procedures are adhered to in the distribution and accountability of aid. It will investigate all abuses relating to aid and curb its use for political ends."



# PARTIES CONTESTING APRIL ELECTION PROFILED

Suva FIJI SUN in English 25 Feb 87 pp 2, 3

[Article by Nemani Delaibatiki]

[Text]

SEVEN political groups have now announced they will contest the April general election.

But only four stand a chance to win seats. Here's your guide to the current state of the parties.

NAME: Alliance Party

LEADER: Ratu Sir Kamisese Mara

BACKGROUND: The party has been in power since the country became independent in 1970, although it lost the April 1977 election. Because of the National Federation Party's inability to form the government after it won, the Alliance was appointed a caretaker government before it won the September election of the same year.

STRENGTH: In the dissolved Parliament it had 29 seats. The party relies heavily on its Fijian support which has been its power-base, solid general elector support and a reasonable support from the Indian Alliance. It has a strong leader who is highly respected both here and in the international community. The party has exploited his reputation to win votes in the past. It is doing it again in this election.

WEAKNESSES: Some of the party's candidates, particularly the old hands, have not helped enhanced the party's image. This has caused some dissension which might affect its overall performance.

SUPPORT: There could be some erosion in its Fijian support, its powerbase. Some will drift to the National Federation Party-Labour coalition and Fijian Nationalist Party. The same goes for its general elector support. Its Indian support appears intact.

CREDIBILITY: It has a good rating after 16 years of rule. Under its rule, the country has enjoyed political stability, an elusive phenomenon in some Third World countries.

ELECTION RATING: It starts as favourite. Its chances of retaining power are enhanced by the split in the opposition parties, particularly within the National Federation Party and the Fiji Labour Party.

NAME: National Federation Party-Labour coalition

LEADER: Dr Timoci Bavadra

BACKGROUND: The coalition was formed towards the end of last year in a bid to defeat the Alliance. When Labour was born the two parties were poles apart in their ideologies. But after a series of meetings they merged to form a partnership and work out a joint manifesto.

STRENGTH: It's strong multiracial approach and promises to improve Government services to the people have a strong appeal. Only seven members of the dissolved Parliament are part of the coalition.

WEAKNESSES: The split in both the National Federation Party and the Fiji Labour Party will hinder the coalition chances of possibly winning the election.

SUPPORT: Most support is from Indians, who are former members of the National Federation Party. There is also a fair bit of Fijian and general elector support.

CREDIBILITY: The coalition will have to work hard to build up its credibility. Its manifesto is full of promises which could only be tested if it came to power. But it is the only credible group other than the Alliance.

ELECTION RATING: It will have little hope of beating the Alliance if the split within the coalition parties continues.

NAME: splinter National Federation Party-Western United Front

LEADER: No one has been appointed. But it appears to be Siddiq Koya, the former Opposition leader.

**BACKGROUND:** The group sprung as a splinter team which was not happy with the coalition deal between the National Federation Party and Labour. It consists of National Federation Party-Western United Front coalition members of the dissolved Parliament who were not considered for seats by the coalition.

**STRENGTH:** It commands some support particularly from within the Indian community but not enough to displace the Labour dominated coalition.

**SUPPORT:** It's support is mainly from the pro-Koya supporters who were members of the Dove faction.

**CREDIBILITY:** It's low although it has been attracting crowds to its meetings.

**ELECTION RATING:** It will be lucky to win one seat.

**NAME:** Fijian Nationalist Party

**LEADER:** Sakeasi Butadroka

**BACKGROUND:** The party which has not been doing well compared to the April general election of 1977 when it won a seat has quietly been campaigning. The party is unpredictable. Unconfirmed reports say that the party will be stronger in this election than in the 1982 election.

**STRENGTH:** It is banking on Fijian support because of its pro-Fijian policies. Its strength lies in the oratory ability of leader Mr Butadroka.

**WEAKNESSES:** Lack of money and proper organisation. Its racial appeal is nothing new.

**SUPPORT:** The party's support is largely concentrated in the Rewa-Serua-Namosi Fijian communal constituency, where Mr Butadroka will stand from.

**CREDIBILITY:** Virtually zero.

**ELECTION RATING:** It will be lucky to win one seat.

**NAME:** Fijian Democratic Party

**LEADER:** Ratu Serupepeli Naivalu

**BACKGROUND:** It has just been formed by Ratu Serupepeli, a former Alliance Government assistant minister, because of what he describes as their dissatisfaction with Government's performance.

**STRENGTH:** Negligible

**WEAKNESSES:** The party has little to offer

**SUPPORT:** Only a handful of people

**CREDIBILITY:** None

**ELECTION RATING:** It is of nuisance value. Its candidates could lose their deposits.

**NAME:** Christian Democratic Party

**LEADER:** Gilbert Veisamasama

**BACKGROUND:** It was recently formed to promote Christian values in nation building.

**STRENGTH:** Negligible

**WEAKNESSES:** It has little to offer.

**SUPPORT:** Only a handful of people

**CREDIBILITY:** None

**ELECTION RATING:** It is of nuisance value. Its candidates could lose their deposits.

**NAME:** Social Democratic Party

**LEADER:** Rajend Singh

**BACKGROUND:** The party was formed to fight for the poor and to ensure equal distribution of wealth.

**STRENGTH:** Negligible

**WEAKNESSES:** Offers nothing new

**SUPPORT:** Only a handful of people

**CREDIBILITY:** None

**ELECTION RATING:** It is of nuisance value. Its candidates will be lucky to get back their deposits.

/9317

CSO: 4200/393

## STATE TRADE SECTOR GROWS; IMPORTS, WEAKNESSES NOTED

Vientiane PASASON in Lao 6 Feb 87 p 1

[Article: "Trade Expanded in 1986"]

[Text] In 1986 there was an expansion of state trade and in the co-ops for buying and selling from the center on down to the production bases. There are now over 2,200 state trade and buy and sell co-ops nationwide, and their distribution and exchange of assorted goods with the people had an increase of 43 percent over the figure for 1985.

The state trade networks around the center and in localities last year distributed many dispensable goods, such as over 90,000 tons of rice, over 7,800 tons of salt, 2.8 million cans of milk, 3,700 tons of sugar, 19,500 tons of meat, 11.5 million meters of fabric, over 1,300 tons of detergent, etc. In addition to the distribution of goods, the purchase of forest products in 1986 increased by 16 percent over that for 1985. They purchased almost 100,000 tons of paddy rice or over 40,000 tons over the amount for 1985. They also purchased over 740 tons of cardamom, nearly 100 tons of benzoin, over 5,100 tons of coffee, etc. In foreign trade the import value for goods in circulation was increased 15.5 percent over the amount for 1985, and the import value increased by 2.2 percent. At the same time, the border exchange value for different localities has had a fairly good increase.

In general, during the past year trade and material and technical supply work had a fairly good increase, leading to a gradual raising of the standard of living for the people of ethnic groups and promoting production. At the same time, trade had not yet become a true, fundamental link. It has not yet been able to provide all sources of merchandise. The purchase, exchange circulation and distribution of goods has not yet become effective. In order to meet the 1987 expected level, the work sections involved and the administrative committees must continue to expand more state trade and purchase co-op networks, expand the markets in rural areas, and expand purchases between rural areas and districts. At the same time we must carefully improve the function and role of state trade and the purchase co-ops to help to make trade work highly efficient, and to ensure its obligations to the government budget fully and in a timely manner.

9884/12947

CSO: 4206/76

## ARTICLE VIEWS PROBLEMS OF REAGAN ADMINISTRATION

Vientiane PASASON in Lao 6 Mar 87 p 3

[Article: "A Sad Spring Season for Reagan"]

[Text] Before Reagan gave his speech on the State of the Union at the meeting of the 100th U.S. Congress, a broadcast propagandized that it would be one of the most important speeches of Mr Reagan's presidency. It would be a message to restore faith in the government following the disclosure of secret arms sales to Iran not long ago, and it would be Reagan's last chance for his plans for the presidency. In reality the 7-page speech that Reagan read on 27 January contained nothing new because it did not have any solution to the economic and social problems that are flaring up within the country. It had no new ideas on abolishing nuclear weapons or weapons in space, which have been a cause of great concern and worry among the American people and the people of the world. On the contrary, the speech showed the resistance of the Washington administration on the defensive regarding a great difficulty that had not occurred before. Of course, it will continue to cling on and will become a shadow following Reagan in his final 2 years of the presidency.

Last year Reagan brought only disappointment to the Republican Party and the American people, such as the "Irangate" and "Contragate" affairs which put Reagan on the defensive, and led to demands that Reagan apologize to the American people. It was the first time since he entered the White House that Reagan had to confront his enemies in Congress, especially the opposition Democratic Party which holds the majority, at a time when competition for the White House is beginning.

There were many issues in Reagan's speech that caused great dissatisfaction to the American people. The most prominent examples were the Irangate and Contragate affairs. With his usual voice as a charlatan, Reagan acted as one who was concerned for the fate of the nation. He said that it was because of U.S. interests that he took the risk of secret arms sales to Iran, but nothing good came of it. Instead of taking responsibility for this mistake, Reagan claimed that the goal of his policy on Iran was appropriate. He acted as if there was no wrongdoer, as if he himself had done nothing wrong in Irangate. Of course, Reagan's half-hearted confession will not be able to silence the opposition party. The mass media in Washington have clearly stated that the final story about Irangate has not yet been written. The

second issue about which Reagan propagandized in his speech was the economic success of his administration, which he referred to as one of history's outstanding achievements. He tried to picture a beautiful and impressive future. Of course, here he tried to avoid mentioning the most troublesome aspect of the U.S. economy in 1986 which was the year that U.S. banks faced serious problems and lost as much as \$230 billion, as well as the many billions of dollars in the foreign trade deficit. Reagan also avoided mentioning foreign debt, where the United States, which used to be a lender, has now become the world's biggest borrower. With a deceptive voice Reagan said that the most beautiful period of U.S. history was about to begin. He boasted that the United States was making progress on foreign issues. But what kind of progress is it that promotes the arms race and creates tension in many regions of the world? Reagan's confirmation that he would absolutely not drop the strategic defense initiative and his announcement to abolish the SALT II treaty clearly showed that he is still trying to obtain military superiority over the USSR. He still favors the theory of using force. The 1987-88 budget that he proposed to Congress exceeded \$1 trillion for the first time in history, of which \$300 billion was for military spending and the SDI program which is priority policy. With respect to this problem, on 29 January Defense Secretary Caspar Weinberger disclosed Washington's intention to promote and accelerate the arms race by making the project irreversible in the period prior to the end of Reagan's presidency in January 1989. Reagan once more confirmed that he would support the Contras against Nicaragua, and he challenged the Congress by saying he would veto any resolution aimed at stopping the support for the Contras. This clearly demonstrates the true bellicose nature of Reagan's military and foreign policies.

However, luck was not on his side. Reagan's diplomatic speech was completely unable to restore and improve the influence of his administration. A majority of Democratic Party members and members of many other parties in the United States expressed disagreement with his speech. On 31 January 1987 the Voice of America broadcast that the American people do not believe that Reagan will be able to solve the great problems of his administration at the present.

In the spring Reagan hopes that his diplomatic message will help him to get rid of the dark clouds in his political life. However, the dark clouds are covering his administration even more heavily.

9884/12947  
CSO: 4206/76

PASASON MARKS INDOCHINA SUMMIT ANNIVERSARY

BK251121 Vientiane Domestic Service in Lao 1200 GMT 24 Feb 87

[24 February PASASON editorial: "The Special Solidarity and Great Friendship of the Three Indochinese Countries are Developing in Depth With Each Passing Day"]

[Text] This year the peoples of the three fraternal Indochinese countries are happily celebrating the fourth anniversary of the success of the first summit conference of the three Indochinese countries, held for the first time after the complete liberation of their countries. This first summit conference, held in Vientiane, capital of the LPDR, on 22-23 February 1983, was an extremely important milestone for the development and strengthening of the special solidarity, great friendship, and all-round cooperation among the three Indochinese nations in the new period of the revolution. This clearly proves once again that the valuable tradition, which was initiated, built, and nurtured by the great President Ho Chi Minh, has been continuously consolidated and developed in depth.

The historic conference approved two important documents--a communique of the summit conference and a communique on the presence of Vietnamese volunteer troops in Cambodia. In addition to affirming the concrete deeds of the struggle of the three fraternal peoples in the past, the full contents and spirit of the documents indicate clearly the invincible characteristics of the special solidarity and the militant alliance among Laos, Vietnam, and Cambodia, which have become a factor deciding the success of the revolution in each country.

Moreover, the communique of the summit conference shows the consistent stand of the various Indochinese countries in the cause of peace and their approval of constructive policies aimed at reducing tension in the region and implementing the principles of peaceful coexistence between the Indochinese countries and those in the ASEAN group.

The communique also emphasizes the leadership principles of relations among the three countries, including various overall principles and concrete methods for promoting, consolidating, and broadening the all-round cooperation among the three countries in the political, economic, scientific, technical, cultural, and other spheres.

Throughout the past 4 years of putting into practice the success of the historic conference, the three fraternal Indochinese peoples have made great achievements in many areas, such as in the national defense and construction sphere, as clearly affirmed at the Fourth LPRP Congress, the Sixth CPV Congress, and the Fifth KPRP Congress. In addition to firmly defending the outpost of the socialist camp in this region, the three Indochinese countries have opened new historical pages, vigorously taken part in labor to restore and build the economy, and actively stepped up production, thus gradually pacifying and normalizing living conditions in each country.

In Laos alone, our 1985 paddy production was 2 times that of 1976. In the industrial field, our output has increased 4.4 times in the past 10 years. Satisfactory development has also been achieved in other fields.

In Vietnam, even though there remain many problems to be resolved and though some tasks must be persistently carried out, to achieve success, the production of food supplies in the last 5-year plan increased by 1 million tons each year. From now to 1990 the production of food supplies will increase from the 17 million tons of 1985 to 23 million tons. The ratio of industrial production in the corresponding period will increase by 9.5 percent. This industrial production increased by only 0.6 percent during the implementation of the last 5-year plan.

In Cambodia, despite the enemy's sabotage activities, the Cambodian people have won miraculous victories in building their new life. They have now achieved self-sufficiency in food supplies, and the people's revolutionary administration has been consolidated with each passing day. Under the correct leadership of the KPRP, the Cambodian people are advancing firmly to create material and spiritual conditions for their gradual advancement along the path of socialist construction.

The above successes and achievements are an undeniable manifestation of the growth and strength of the revolution in the three Indochinese countries, which have always done everything possible to strengthen the special solidarity, great friendship, and all-round cooperation among the three fraternal countries so that they will grow and blossom continuously. This is reflected by some concrete events, such as the twinning of provinces, districts, companies, economic units, and branches between Laos and Vietnam and between Laos and Cambodia as well as between Cambodia and Vietnam. The exchange of activities in various fields, including economic, political, social, and cultural activities at various levels, are developing in depth. The exchange of experience and the constant exchange of delegations in various spheres among the three Indochinese countries have further deepened the cohesion and single-mindedness among the three fraternal Indochinese countries, thereby further raising their status, influence, and role in the international arena. Their correct stand and attitude in their foreign policies are gaining the support of countries in this region and the world.

Laos, Vietnam, and Cambodia are always ready to take part in normalizing their relations with various ASEAN countries so as to turn Southeast Asia into a

zone of peace and cooperation, positively contributing to stabilizing the situation in the Asia-Pacific region. This is clearly demonstrated in the statements of the 11th, 12th, and 13th conferences of the foreign ministers of the three Indochinese countries.

The LPDR and the SRV support the good intentions of the PRK regarding negotiations, both political and military, with the opposition groups for national reconciliation on the basis of eliminating the Pol Pot group. Nevertheless, up to now the PRK's peace proposals, which are constructive and realistic, have not been responded to appropriately. The U.S. imperialists and the regional reactionaries and their lackeys continue to carry out their dark schemes in creating a tense situation and constantly threatening peace and stability in this region. This situation more than ever before requires the three Indochinese peoples to strengthen their special solidarity, great friendship, and cooperation and develop them in depth, and to strengthen their all-round solidarity with the Soviet Union and other fraternal socialist countries so as to fulfill their respective revolutionary tasks in the new period, thus contributing to defending the socialist outpost in this region and to turning Southeast Asia into a zone of genuine peace, stability, and cooperation.

/9599

CSO: 4206/78



## BRIEFS

**TRADE UNION DELEGATION RETURNS**--Vientiane, 5 Mar (KPL)--A delegation of the Lao Federation of Trade Unions headed by its Chairman Soi Sombatdouang, member of the party CC, returned here on 3 March after attending the 18th congress of the All-Union Central Council of Trade Unions of the Soviet Union in Moscow. The congress, which was held late last month, deliberated on how best to fulfill the resolutions of the 27th CPSU Congress and the January 1987 plenum of the CPSU CC aiming at speeding up socioeconomic development in the USSR through the application of scientific and technical progress in production. [Text] [Vientiane KPL in English 0912 GMT 5 Mar 87 BK] /9599

**DELEGATION LEAVES FOR USSR**--Vientiane, 5 Mar (KPL)--A delegation of the State Council for Science and Technique led by its President Souli Nanthavong left here yesterday for the USSR. During its 2-week working visit the delegation will confer with Soviet officials on the selection of seeds, the determination of arable land and the processing of aerial cartography in the Lao PDR. The visit was made in accordance with the resolution of the 7th conference of the Lao commission for cooperation with the Soviet Union held in Vientiane last year. [Text] [Vientiane KPL in English 0903 GMT 5 Mar 87 BK] /9599

**VIENTIANE PROVINCE ROAD CONSTRUCTION**--By the dry season of this year the Rural Bridge and Road Construction Company of Vientiane Province had cleared and repaired the road from Hin Heup which branches off Route 13 north toward the Sanakham District area via Feung District. Clearing of the road started in November, starting from Hin Heup to Feung District, a distance of 28 km, and from Feung District to Ban Vang, Sanakham District for 87 km at a total cost of over 4 million kip. The road from Feung District to the Sanakham District area in particular used to be small, and had been used only for ordinary trucks hauling wood. In order to facilitate communications and transportation as well as [goods] circulation and distribution in a timely manner, the party committee and the administrative committee of Vientiane Province agreed to have the Rural Bridge and Road Company of the province carry out the clearing of the road again by widening the road to 6 meters and paving it with laterite to make it strong and level. The road makes it possible for travel on a normal basis throughout the season. [Text] [Vientiane PASASON in Lao 6 Feb 87 p 1] 9884/12947

**SRI LANKA ENVOY**--On 20 February, Khamphai Boupha, acting minister for foreign affairs, received Kalidasa de Silva, new ambassador extraordinary and plenipotentiary of Sri Lanka to Laos, after the latter had presented his credentials to the acting president of the LPDR. The two personalities discussed the development of the relations between Laos and Sri Lanka. [Summary] [Vientiane Domestic Service in Lao 0000 GMT 21 Feb 87 BK] /9599

CSO: 4206/78

REPORTAGE ON DEFENSE POLICY WHITE PAPER, REACTION

Lange Links NZ, Australia Papers

HK070851 Wellington THE EVENING POST in English 27 Feb 87 p 1

[New Zealand Press Association]

[Text] Examination of the Defence Review and Australia's counterpart due out next month will reveal evidence of the close consultation between the two, the prime minister, Mr Lange, said.

The visit of the Australian Defence Minister Mr Kim Beazley next week will "consolidate and confirm" that impression, he told reporters.

The New Zealand White Paper, tabled in parliament yesterday afternoon, expressed need for greater self-reliance and a focus on the South Pacific, while maintaining close co-operation with Australia.

Government officials in Australia, meanwhile, have said the Cabinet there has underlined a more independent posture with greater emphasis on regional security in its new defence strategy.

However, while the Australian blueprint was said to stress the need to maintain close links with the United States, New Zealand has acknowledged that as far as the government here is concerned the ANZUS pact is now "inoperative."

Mr Lange recalled that last year Australian Foreign Minister Mr Bill Hayden had expressed the view that New Zealand could not ride on the back of an ally.

"Mr Beazley has however a perfectly rational brief for his defence plans. New Zealand constitutes a significant chunk of Australian defence resources in the event of a collective defence having to be mounted," Mr Lange said.

"It is therefore in the interests of Australia, just as it is for New Zealand, to have mutual capacity for action and, as best as can be, common procurement.

"There will, I believe, be an analysis of New Zealand and Australia's White Papers evidence of the very close consultation last has been developing."

Announcement about how a new-style warship will be researched and developed could be made late next week, Mr Lange said.

The Defence Reviews said the existing frigates were expensive for the job they did and were deficient in range. They needed to be replaced with a design better suited to New Zealand's needs.

Asked when the new ships would be commissioned, Mr Lange said "it literally is years away."

However, details were being worked up with the Australians and by the end of next week "there could well be some announcement about broad agreement about how it is going to be researched and developed."

Mr Lange said the current frigates still had years of life left.

#### Defense Ministry Warning

HK080848 Auckland THE NEW ZEALAND HERALD in English 2 Feb 87 p 5 [date as received]

[New Zealand Press Association Welling staff]

[Text] Ministry of Defence officials warned the government during the preparation of the defense review that the ANZUS dispute would have an adverse effect on aspects of the country's defence.

However, the prime minister, Mr Lange, yesterday denied reports that the officials' advice was contained in a "secret chapter" of the defence white paper tabled in Parliament this week.

While two reports were prepared by senior officials drawn from the Ministry of Defence, the Ministry of Foreign Affairs and the Prime Minister's Department, the white paper was the only statement of the government's defence policy, said Mr Lange.

"The government, in the normal way, took the officials' reports into consideration in preparing its own statement of defence policy, which is presented in the white paper."

A Ministry of Defence document leaked yesterday says there will be a further decline in the operational effectiveness of the armed forces even if the United States takes no further action and the attitude of other allies remains unchanged.

The document outlines in much greater detail the consequences that have flowed from the ANZUS rift. It says that Australia, Britain, and Canada have been reluctant to jeopardise their own relationships with the United States by being seen to "fill in for the United States."

"Their reticence has been particularly noticeable to New Zealand servicemen at the operational level. For instance, in the case of Australia, assertions at the political level of continued military co-operation are not always apparent in practice."

The document adds: "As this is government policy, the impetus of the United States actions can be seen as a positive push towards New Zealand's assuming much greater responsibility for its own defence. But there are also serious negative aspects... More effort is required by New Zealand to protect its interests, and this will mean additional costs."

The report details the loss of intelligence and its effects.

The cutback has been significant in the military area, it says. "The most serious result is that the maritime defence commander now has an incomplete picture of the presence and movements of ships and other foreign units within New Zealand's strategic environment, and our area of direct strategic concern."

It adds that New Zealand no longer receives the publications which were the prime source of technical data on Soviet ships, submarines, weapons, and sensor systems.

The document also says that there has been a serious impact in the area of technical information concerning weapons systems and force structures.

It deters forces as a result of New Zealand's inability to take part in exercises involving the United States.

"Of special concern is the effect the loss will have on the critical area of ship command and on the control of weapons and sensors. The ability to operate ships safely in the highly demanding environment of modern maritime operations requires the highest level of skill and professionalism."

Antisubmarine warfare capabilities were gradually declining because of reduced time operating with submarines.

"Efforts to achieve more bilateral exercises with the Australians have been largely unsuccessful due to Australian resource constraints. Australian naval authorities also appear to be very sensitive about operating with New Zealand units in circumstances that might be interpreted as 'overly co-operative'."

With the Army, the report says there is limited capacity to conduct the level of unit and formation training required to retain the skills of the Ready Reaction Force and the Integrated Expansion Force.

On the Air Force, it says: "All RNZAF [Royal New Zealand Air Force] roles have been affected adversely by the reduction in exercises, but it is the loss of maritime and fighter attack training opportunities which gives greatest cause for concern."

The report concludes that in many cases no suitable substitute exercises or training courses are available.

Government sources yesterday claimed that the officials' report raised similar concerns to those aired in defence briefing documents published shortly after the change of government in 1984.

However, the acting defence spokesman for the opposition, Mr Don McKinnon, called on the government to release officially the latest reports "to provide New Zealanders with an accurate assessment of the present parlous state of the country's defence capabilities..."

The government had a duty to keep the public fully informed of the true state of the country's defence, including the implications of its decision to take New Zealand out of the ANZUS alliance.

#### Independence Seen As Fundamental Change

HK070915 Wellington THE EVENING POST in English 27 Feb 87 p 2

[Text] A more independent, self-reliant role for New Zealand's defence forces in the South Pacific is the main thrust of the Defence White Paper released yesterday.

The 38-page document is described as the most fundamental change in defence policies since the Second World War, and the paper says, "the impression that there may seem to be only limited change in the outward appearance of our armed forces should not be allowed to obscure this fact.

"For the first time, we have adopted in formal policy terms the concept that the New Zealand armed forces will have a capability to operate independently, although more probably in concert with Australia, to counter low-level contingencies in our region of direct strategic concern.

"This represents a major change from the past where the concept of operations for our armed forces was for each service to be individually a component of a large allied force operating in a wider sphere.

"The government has accepted the need to provide resources to meet the logistic needs, including supply and transportation, that are the basis of a more independent and self-reliant role in the region."

The paper defines New Zealand's area of direct strategic concern as stretching from Antarctica to the Equator and from Western Australia to the Cook Islands--an area covering 16 percent of the globe.

"Maintaining the capabilities to operate over such a vast area is a major commitment for a small country, and refutes the arguments of those who seek to portray the government as pursuing an isolationist defence policy."

The report assumes a continued benign strategic environment. "New Zealand is not threatened by invasion or large-scale attack and no likelihood of such an attack is foreseen in the next decade.

"Indeed, the contingency of invasion is so remote that it need not form the basis of our defence strategy. Defence efforts must focus on more credible and feasible lower level threats, while maintaining a basis for expansion should more serious threats emerge."

The review says government should be able to pursue its defence objectives at about the current level of defence funding.

"It will be assisted in doing so by the fact that some equipment previously provided for in the capital equipment programme will not be needed because of policy decisions contained in this paper."

The paper is not explicit about what equipment is being referred to.

But it says the government recognises the United States withdrawal of cooperation may entail some further continued costs beyond those already met.

#### Defense Link With Australia Stressed

HK070921 Wellington THE EVENING POST in English 27 Feb 87 pp 1, 2

[Text] The withdrawal of United States military co-operation with New Zealand has made this country's defence relationship with Australia more important but has not substantially changed its nature, says the Defence Review.

The review says that the close Trans Tasman relationship has enabled New Zealand and Australia to discuss openly and frankly the difficulties that have occurred in the ANZUS alliance as a result of New Zealand's differences with the United States.

"While Australia has made it clear that it does not agree with our policy regarding nuclear ship visits, it has reaffirmed its intention to preserve its active defence ties with New Zealand under ANZUS alliance," the review said.

"We welcome that assurance, especially as we do not propose to withdraw from ANZUS even though it has become inoperative between New Zealand and the United States."

The review said the current level of co-operation between New Zealand and Australia was wide-ranging and intensive and involved a broad pattern of training, exercising, exchanges of technical and intelligence information, maritime surveillance and logistics co-operation.

Combined military exercises with Australia had also assumed greater importance to New Zealand since the U.S. termination of exercises.

"The government recognises that the United States' policy of refusing to participate in military activities involving New Zealand has meant extra effort and expense on Australia's part to arrange separate bilateral programmes," the review said.

"New Zealand will itself be doing more to enhance the effectiveness of the role it can play in protecting the strategic interests we share with Australia and it must be recognised that this will inevitably involve additional expenditure on our part."

Intelligence co-operation was a further area that had been affected by the U.S. actions, the review said.

Australia had continued to supply non-U.S. sourced materials, but New Zealand's ability to sustain an effective defence relationship with Australia would in part depend on this country's own capacity to collect and share intelligence. This would require New Zealand to increase its own intelligence gathering activities.

Another area where important developments were taking place was in the joint development and purchasing of military equipment, the review says.

Joint purchasing had the strategic advantage of ensuring interoperability and a continued source of supply. As a general principle, New Zealand would, when feasible and acceptable cost arrangements could be negotiated, purchase from Australian sources.

Approval had been given for the rifle replacement to be manufactured in Australia and New Zealand would also be involved in joint planning possibly leading to purchase of the Australian Ocean Combat Ship.

The review noted that, in a South Pacific setting, a policy seeking to make the region more secure must take full account of the role the armed forces could play in relief and restoration work.

Disaster relief would therefore be given greater prominence, it said.

"This task will not be at the expense of other defence functions, but it does mean that capabilities required for coping with natural disasters--whether in New Zealand or elsewhere in the region--should be considered when transport, communications, and logistics elements of the forces are being planned."

New Zealand did not look to Australia to replace the United States, the review said, nor was it seeking or would it accept a dependent relationship with Australia.

The review said Australia and the South Pacific comprised New Zealand's area of direct strategic concern as they encompassed the region that would have to be traversed if New Zealand was ever directly threatened by attack or invasion.

"It is the region where our forces must be trained and equipped to operate effectively, where appropriate in conjunction with Australian forces.

"The security of either New Zealand or Australia would be at severe risk if the other was seriously threatened and it is inconceivable that a joint response would not be forthcoming."

The most likely approach of any direct threat to this country would be through a broad area stretching from Australia through Papua New Guinea, Kiribati in the north and across to the Cook Islands in the East. The defence of New Zealand required that this country's forces had the ability to operate throughout this region, which included the southern ocean.

"Although the Antarctic Treaty forbids military activity, the strategic significance of Antarctica must also be kept in mind as the continent attracts increasing international attention."

The review noted that the future of New Caledonia posed one of the most serious political problems for the region.

Although France claimed that its presence furthered Western interests in the region, the review said as long as its policies were strongly opposed by the countries of the region they would continue to excite rather than ease regional tensions.

"Should France continue to oppose independence in New Caledonia the resulting tension will have an increasingly destabilising effect, and may attract the involvement of countries from outside the region, with the potential for escalating violence and conflict."

#### Editorial: Review Confirms Cost of Policy

HK080900 Wellington THE EVENING POST in English 28 Feb 87 p 4

[Editorial: "A Policy Defended"]

[Text] Emphasis on defence self-reliance for New Zealand in the latest review of defence policy begs lots of questions.

So does the review claim that the government should be able to pursue indicated objectives at about the current level of defence funding.

The review cannot but help admit that it is now more difficult for us to carry out our collective security role in this part of world, given the American reaction to being denied entry of nuclear armed or powered ships to our ports.

There has been a disruptive effect on our armed forces which have in the past enjoyed a very close professional relationship with their American counterparts. Training opportunities have been lost; a preferential logistic support



agreement has lapsed. Withdrawal of American intelligence co-operation has deprived New Zealand of a large volume of finished intelligence material.

American withdrawal of military and intelligence co-operation has had a detrimental effect on the operational effectiveness of New Zealand's armed forces, according to the review. This is treated as positively as possible by saying it gives impetus to the government's objective of achieving greater self-reliance in defence.

Just how is the government to achieve and sustain a credible and effective self-reliant defence force while spending is held to about the current low level and American support is lacking? The review is not convincing in its answers.

Details of cost are not given but the review claims that keeping defence spending at about the current level will be helped by the dropping of some items previously provided for in the capital equipment programme but not now needed because of the latest policy decisions.

There is the familiar reliance upon the low level of threat in this part of the world and an also familiar emphasis on Australian co-operation. This time though it is admitted that there are limits to what the Australians can provide. That country cannot substitute for the United States. To say anything different would be ridiculous after the harsh comments made here by Australia's minister of foreign affairs, Mr Frank Hayden, about reaching the limit of defence co-operation. Australia has also been expressing the view that New Zealand needs to increase defence spending.

Detecting the presence of a threat is of little value if our armed forces do not have the capacity to respond quickly and effectively, the review states. This puts a heavy emphasis on maintaining a high degree of mobility and greater self-reliance. Vast distances in the South Pacific and lack of support systems within the region add to the problem. We cannot now assume other countries will make up for our deficiencies.

The review sees these as factors requiring our greater self-reliance but the cost factor appears to be overlooked.

New Zealand does not have the skills or industry to build modern weapons systems cheaply so self-reliance is not complete. We still have to depend upon arms, ammunition and spare parts from overseas. Our recent loss of American ally status for logistics support priority shows how political considerations can make reliability of supply uncertain.

Our need to work in with Australia shows in various parts of the review, from training to negotiations over a mutually acceptable and cost-effective long-range patrol and surveillance-type of ship. That Australia's preferences take precedence seems obvious in such a relationship. Our claimed self-reliance is overshadowed by such considerations.

There are no surprises in the review. It has confirmed that loss of American defence support costs us plenty, if not in dollars than in effectiveness.

### Government 'Paranoia' Criticized

HK091101 Wellington THE EVENING POST in English 4 Mar 87 p 4

[Editorial: "Paranoia Grips the Government"]

[Text] How disgraceful that the prime minister, Mr David Lange, has stooped to character assassination against eminent critics of the Defence Review.

How embarrassing for Mr Lange that some of the information he has used for this purpose is out of date and wrong in important respects. It all creates an impression that the government is suffering from delusions of persecution; that critics are to be treated as enemies and that its policies should not be challenged.

The sorry performance by the prime minister at Monday's post-cabinet news conference may have been designed for two purposes. First to distract public attention from what have been identified as deficiencies and flaws in the Defence Review; second to destroy the credibility of the most important critics.

If that is the prime minister's intention then he must fail, despite the headlines his comments have attracted.

Identification of the Defence Review's flaws has been done with enough justification and authority to survive engineered distractions. The government has not satisfactorily answered the specifics of the criticisms.

The qualifications and the authority of the major critics should not be shaken by the improbable charges of an orchestrated attempt to undermine the Defence Review.

After all, the government selected former Foreign Affairs Secretary Mr Frank Corner of chair the Defence Committee of Inquiry which reported last year. That could be taken as government recognition of Mr Corner's expertise and to the credibility and fairness he would lend to that inquiry. At the time of his retirement in October last Air Marshal Ewan Jamieson was chief of defence staff and as such was the government's chief military adviser. He is thus well equipped to analyse and comment knowledgeably on issues of defence.

It is hardly surprising that the leader of the opposition, Mr Jim Bolger, and the opposition spokesman on defence, Mr Doug Kidd, should voice similar criticism of the Defence Review. It would be remarkable if they differed from each other. The same Defence Review flaws and inadequacies are there for politicians to examine as they are for the professional military and foreign affairs experts. As a matter of course the opposition would have access to various forms of defence expertise.

That Messrs Bolger and Kidd happen to be in different foreign capitals at the expense of respective host governments is not unusual. Plenty of Labour MP's and minister when in government or the opposition have taken advantage of that kind of opportunity to expand their knowledge and their range of informed contacts. The absence of Messrs Bolger and Kidd might well have been a factor in the government's timing of release of the Defence Review.

Sir Ewan has openly told the prime minister that he has been talking to an American aviation and missile manufacturer concerning his possible future association with that firm. Mr Lange's use of that information in the context of the claimed orchestration of Defence Review criticism would seem to be designed to give the impression that the former chief of defence staff may have different reasons for criticising the review other than those of the experienced top military professional. Whatever the reasoning behind the prime minister's comments the result is a crude blackguarding of Sir Ewan. It is a deplorable form of politics.

Mr Corner makes a good point when he says he cannot understand why Mr Lange should condemn critics who were supportive of ANZUS when the government kept saying it wanted to be a part of ANZUS, albeit a non-nuclear part.

Mr Lange has damaged himself by leaping quickly from the programme of a defence seminar in Washington to wrongly presuming that Sir Ewan and Mr Corner are already there. Simple telephone checks would have established the truth. Instead there was a rush to use propaganda tactics, presumably put forward by the huge publicity machine the government has assembled.

The prime minister has been caught out in a wrong and inept claim. Anti-nuclear legislation would have the same man exercise sole right to decide whether or not a ship intending a visit here is nuclear-armed and/or nuclear-powered.

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CSO: 4200/389

PAPUA NEW GUINEA ORDERS JAPANESE BOATS OUT

BK110454 Hong Kong AFP in English 0443 GMT 11 Mar 87

[Text] Port Moresby, 11 Mar (AFP)--Japanese fishing boats were ordered out of Papua New Guinea waters after the failure of talks to renegotiate an extension of a one-year fishing agreement between the two countries, a senior government minister said here Wednesday.

Fisheries Minister Neville Bourne told reporters that Japanese tuna boats would be intercepted if found in Papua New Guinea waters.

Mr Bourne said the move followed the collapse of talks last month between Papua New Guinea and the Japanese Fishing Association after the refusal of Tokyo to agree to progressively increase fishing fees from four percent to 10 percent of the value of the catch.

Mr Bourne said that, while the decision was expected to cost the government at least 4.4 million Australian dollars (2.9 million U.S.) in revenue, several local and joint ventures were being examined.

He said the government was interested in localizing the tuna industry and was willing to sign agreements which met with Papua New Guinea terms, which provided for an immediate increase of charges to six percent of catch earnings, increasing to eight percent by the end of the year.

"We haven't excluded the Japanese, but we are not beginning to implement the new fees," said Mr Bourne.

Observers said that Japan had made informal approaches to the Port Moresby for an agreement based on the United States-Pacific Islands Fishing Treaty, which provides for a payment fee and aid payment on a government-to-government basis.

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CSO: 4200/394

ILETO SAYS NATIONAL LEVEL TALKS WITH NDF RULED OUT

HK061226 Manila MANILA BULLETIN in English 6 Mar 87 pp 1, 16

[Article by Ding Marcelo]

[Text] The government does not intend to return to the negotiating table with the National Democratic Front [NDF] and instead will continue to pursue peace efforts on a regional scale, Defense Secretary Rafael Ileta said yesterday after attending President Aquino's weekly Cabinet meeting.

Ileta said the results of the negotiations between the NDF and the government that was high-lighted by a 60-day ceasefire was characterized by a lot of discussion but did not produce any substantive matter. [as published]

"The national negotiations did not succeed. For 2 months they did a lot of talking but I don't think it progressed at all," Ileta said.

Ileta, in a sense, rejected the proposal of the NDF to resume the peace negotiations based on what the NDF said were the late former Sen Jose Diokno's formula of "jobs and justice, food and freedom," with the rebels' additional proposal of "land and liberation."

The peace talks broke off last 22 January when the NDF pulled out of the negotiating table in protest against the Mendiola massacre in which at least 17 persons were killed.

When the talks ended, increased hostilities were noted all over the country between rebels and government troops.

Ileta pointed out that most of the violence was initiated by the rebels and the government acted only in self defense or launched preemptive attacks.

But despite repeated attacks by the rebels, Ileta said, the troops "have been holding back."

"We can start a full-scale military operation today or tomorrow," he said, "and all the troops will be running after the rebels in the mountains, but we're holding back."

Asked when the military would take the initiative, Ileta said he would not want to discuss their plans but he said the military is thinking of the adverse effect such a full scale military operation would have on the elections and the economy.

"We're holding back until we finished looking at the situation," Ileta said. "Maybe the people would want us to start moving in. Maybe we should, but there's the election."

He said if the "violence becomes too much, it would affect the election, affect the business climate."

Asked if New People's Army forces are "swarming" in Metro Manila, Ileta said "swarming" is not the proper word but he admitted that indeed there are NPA's as "there had been even before the time of Mrs Aquino."

A spate of violent killings with members of the military as victims has heightened the specter of an urban guerrilla war in the metropolis.

He assured residents that everything is under control and the increased violent incidents were merely an offshoot of the ceasefire that has already ended.

He said, however, that the government will continue to pursue a two-pronged program to contain the insurgency that has continued to paralyze the government's development program.

He said the government is using a policy of attraction and persuasion to lure the rebels from the hills.

Ileta said the amnesty program is a policy of attraction and for those who don't follow this policy "maybe we can apply occasional force which is a form of persuasion."

He said the government's amnesty program has attracted some 1,500 rebels in Davao del Sur alone and the success of this program will be used to other rebels in Visays and Luzon.

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CSO: 4200/390

PAPER SEES COLLAPSE OF OPPOSITION ALLIANCE

HK061351 Quezon City BUSINESS DAY in English 6 Mar 87 p 24

[Article by reporter Tara S. Singh]

[Text] The Grand Alliance for Democracy [GAD], the umbrella organization of seven opposition parties, is headed for an early break-up if current intramural squabbles are not settled.

Hinting that a divided opposition is the handwork of the government, GAD leader Homobono Adaza charged that "the Aquino government is deeply determined to divide the political opposition."

In a talk with newsmen at the Manila Hotel, Adaza said the government does not want a "viable opposition."

The Kilusang Bagong Lipunan, one of the members of GAD, announced yesterday that "if the GAD negotiations fail, the KBL will form its own 24-man senatorial slate."

One of the main points of disagreement within the leadership of GAD is the exclusion of known Marcos loyalists from the official Senate ticket for the 11 May election.

The GAD seven-man screening committee headed by Vicente "Teng" Puyat, has termed the inclusion of candidates with known Hawaiian connections as a "virtual kiss of death."

This criteria in effect limited the number of KBL candidates in the GAD ticket.

Assured of inclusion in the official GAD line-up are KBL leaders Arturo Tolentino, Alejandro Almendras, Isidro Rodriguez, Aguedo Agbayani, and Vicente Magsaysay. The KBL leadership is not satisfied with this number. They want ex-MPS Rafael Recto and Leon Perez to be added to the list.

During GAD's closed-door meeting held at the Manilabank penthouse last Wednesday, one ranking candidate threatened to resign over the inclusion of Recto and Perez. KBL members angrily criticized public utterances of some

members of the GAD screening committee on the Marcos connection. "Let history judge Marcos," one KBL leader said.

The KBL demanded that Recto and Perez be included in the official slate and, if this is not possible, they may be substituted by former senators Lorenzo Teves, Wenceslao Lagumbay or Salvador Britanico, KBL secretary general.

Also at the meeting, another KBL candidate threatened to form another ticket if no additional KBL candidates are included.

The GAD screening committee continued to meet late last night to resolve the intramural. Still to be decided is the representation of the Muslim sector and the women's group. Leading muslim candidates are Abdul Kayer Alonto and M. Lanto. Edith Rabat and Helena Benitez are leading contenders for the women's slot.

In a formal statement, the KBL said the party will announce its 24-man slate, which includes Puyat and other nominees to the GAD, immediately after confirmation of the failure of negotiations with the alliance.

Former Batasan speaker Nicanor Yniguez, acting KBL president, said, "If the GAD negotiations fail, the KBL 24-man senatorial slate will be formed among the 44 leaders nominated in the party's national caucus last 28 February."

However, in an emergency meeting held yesterday, the KBL Central Committee extended the hand of reconciliation when it resolved "to continue negotiating with other opposition groups for the final formation of a 24-man slate of the Grand Alliance for Democracy."

At the same meeting, second instructions were given to all its senatorial and congressional aspirants "to start filing their certificates of candidacy with the Commission on Elections" for the 11 May election.

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CSO: 4200/390



PHILIPPINES

ANALYSTS SEE 'BLOODIEST POLITICAL CONTEST EVER'

OW090109 Tokyo KYODO in English 0023 GMT 9 Mar 87

[Article by Virgilio Gualvez]

[Text] Manila, 9 Mar (KYODO)--Former Defense Minister Juan Ponce Enrile leads a right wing opposition alliance in its bid to gain control of the 24-member Upper House Senate in the Philippine's first legislative elections under President Corazon Aquino.

Seats for the 200-member Lower House of Representatives are also up for grabs in the 11 May polls which analysts predict could be the country's bloodiest political contest ever.

Enrile's Grand Alliance for Democracy (GAD) will face Aquino's hand-picked candidates and a host of other aspirants including those to be fielded by the leftist People's Party.

"This group represents the best, the brightest and the finest from among all the leaders of the opposition in the country," GAD Chairman Vicente Puyat told reporters.

Among those in the GAD slate are Arturo Tolentino and Eva Estrada Kalaw, vice presidential candidates in last February's fraud-marred presidential polls, and Homobono Adaza, Rene Espina, and Wilson Gamboa, three former Aquino allies-turned oppositionists.

Puyat said that the four-party opposition group "went through several crises" in coming up with its slate but he did not elaborate.

An informed source said the New Society Movement, deposed leader Ferdinand Marcos' party, will go on with plans to push six of its leaders not included in the GAD ticket, junking those "least likely to win."

A spokesman for the People's Party (PP) said it will announce its candidates for the Senate Sunday evening, hours before a midnight deadline set by the Commission Elections (Comelec).

He said the PP will only field six to eight candidates, the most prominent being former guerrilla leader Bernabe Buscayno. This is the first time since 1949 that the legal left took the electoral route to power.

On Monday, Aquino formally launches her personal campaign for the ruling coalition's candidates, eight of whom are former cabinet secretaries, with a rally in Batangas City--the political domain of Vice President Salvador Laurel.

Aquino's coalition is expected to get a working majority, if not complete control, of both houses of Congress because of her immense popularity.

Puyat, however, said that GAD expects to get at least nine of the 24 Senate seats. If the opposition does get a sufficient number in any of the houses, this could cause problems for Aquino, analysts said.

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CSO: 4200/390

PHILIPPINES

OPPOSITION LEADER DENIES SINGLAUB CONNECTION

HK090408 Hong Kong AFP in English 0352 GMT 9 Mar 87

[Text] Manila, 2 Mar (AFP)--A leader of the right-wing opposition Monday denied reports in the New York-based VILLAGE VOICE magazine that he was being supported by anti-communist activist, retired U.S. General John Singlaub.

Vicente Puyat, chairman of the Grand Alliance for Democracy, a right-wing coalition competing in senatorial elections scheduled for May laughed off claims that he was being supported by the general, saying that he "had one informal dinner with Gen Singlaub...we talked about the weather, Chinese food."

"I must credit the writer of this article with tremendous imagination," he said.

Mr Puyat, a banker, said he was running for the Senate because it needed representation from the business sector and he described government economic policies as, "extremely anaemic."

The government, he told newsmen, "was largely reacting to the proposals of the International Monetary Fund and the World Bank," and recommended that it "echo the position of the Latin American countries," regarding their foreign debt, naming Peru's President Alan Garcia, as an example.

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CSO: 4200/390

PHILIPPINES

ENRILE URGES MARCOS RETURN AFTER MAY ELECTIONS

HK060846 Hong Kong AFP in English 0841 GMT 6 Mar 87

[Text] Manila, 6 Mar (AFP)--Juan Ponce Enrile, whose mutiny precipitated Ferdinand Marcos' fall last year, said the exiled former Philippine president should be allowed back, but not before this year's elections finish.

"His coming back to the Philippines is not debatable because he is a Filipino," Mr Enrile told a television talk show here late Thursday.

The former defense chief, who described his long-time ally as "part of our history," said however "it is not an opportune time for him to come back," because his presence might influence the conduct of the national polls in May.

"It is better for him to stay in Hawaii so he would not be embroiled" in the upcoming elections, said Mr Enrile, who has become de facto opposition leader since breaking with President Corazon Aquino in November.

The Aquino government has barred Mr Marcos from returning because his presence might spark political instability.

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CSO: 4200/390

AUSTRALIAN COLUMNIST, BISHOP CLAVER ON CPP LINKED CHURCH AID

Sydney THE AUSTRALIAN in English 10 Feb 87 p 11

[Column by B.A. Santamaria in "Politics: A Personal Viewpoint"--"Charity Agencies Which Aid the Reds"]

[Text]

THE Rome monthly, 30 Giorni, which has close links with the Vatican, published recently a remarkable protest letter from the president of the Nicaraguan Catholic Church's Committee for Human Rights, Jose Esteban Gonzales, to two official Belgian Catholic development aid organisations, Broederlijk Delen and Entraide et Fraternite.

Pointing out that the needs of the official Social Services Secretariat of the Archdiocese of Managua were "simply ignored", Gonzales protested strongly against the use of funds contributed by Belgian Catholics for overseas relief to support the communist government of Nicaragua by subsidising Sandinista newspapers which attacked the Catholic Church.

Such a letter raises the question of what has been done to meet the criticisms of the policies of Australian Catholic Relief (ACR) and the Catholic Commission for Justice and Peace (CCJP).

In May 1986, the Catholic Bishops Conference admitted that "mistakes may have been made", and appointed Monsignor Nestor to inquire into the situation. His report -- if he believes that the situation calls for a report -- is to be presented to the Episcopal Conference in May. That, however, is well after the Project Compassion appeal is over.

### Conduit

The visit to Australia of Philippines Bishop Antonio Forich later this month is intended to insert a note of reassurance. Is it warranted?

The annual Project Compassion which the bishop will launch raises well over \$2 million a year. It is raised on the assumption that it goes towards the relief of the poor in overseas countries.

Substantial sums (totalling \$6.5 million from 1978 to 1986) have gone to the Asia Partnership for Human Development, APHD, which does not present an audited balance sheet, has served as a conduit for the transmission of funds to several Filipino communist front organisations such as Task Force Detainees, the League of Filipino Students, Ecumenical Movement for Justice and Peace, and Australia-Asia Worker Links, an Australian "support" group.

Funds contributed to Project Compassion go to Australian bodies such as the CCJP, which publishes a great deal of diluted Marxist propaganda.

In its own effort to establish the truth of the Philippines' situation, News Weekly recently sent its assistant editor, Pat Byrne, to the Philippines to report the situation relating to Australian funds. Byrne interviewed the Jesuit Provincial Father Nebris who said the only bishop who was pre-

pared to speak out on the extent of communist penetration of the Catholic Church in the Philippines was Bishop Claver, who is well known in Australia.

In his interview with Byrne, Bishop Claver explained the original silence of the Filipino bishops and their original failure to dismiss communist white ants in church organisations on the ground that if the infiltrators had been fired from church jobs, they would immediately have been interned by the Marcos government. With President Aquino in office, the problem no longer existed.

The National Democratic Front (NDF), which has served as the official negotiating body for the Philippines Communist Party and its military wing, the NPA, was, in the view of the bishop, the major agency of penetration.

### Problems

Bishop Claver added that in the past few years church people associated with the NDF had "captured all the links with Catholic overseas groups, communications and funding agencies". The

bishops, he said, "have had problems with NASSA (their own Secretariat for Social Action) for a long time". While some of the projects run by NASSA were legitimate, "I am very suspicious of certain of its 'desks'." Bishop Claver added that it was conceivable overseas organisations such as ACR, which dealt with NASSA, might not know the true situation.

There is no reasonable doubt whatsoever as to what has been happening in the Philippines through the international funding agencies. It would appear reasonable that before committing their authority to another Project Compassion appeal, the Australian bishops might seek the advice of persons like Bishop Claver, Father Nebris and others as to the policies of NASSA, the role of the NDF, the conduct of APHD and of other bodies like Task Force Detainees, to which Australian money has gone.

A balance sheet of the relief organisations, particularly AHPD, like that of any public company, should be audited by persons independent of the controlling bodies.

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CSO: 4200/396

PHILIPPINES

INSURGENCY ACTIVITIES, CASUALTIES REPORTED

Communist Rebels Slain

HK060831 Hong Kong AFP in English 0826 GMT 6 Mar 87

[Text] Manila, 6 Mar (AFP)--Fourteen communist insurgents have been killed in clashes with Philippine security forces and armed civilians, the official Philippine News Agency (PNA) said here Friday.

Eight New People's Army (NPA) rebels died in a gunbattle with an army patrol near the southern city of Davao, while four others were slain in the northern town of Paoay, PNA said.

Both incidents took place Thursday, the news agency said.

The rebels in Paoay fought police and para-military officers. Surviving guerrillas escaped with an unknown number of civilian hostages who were still being detained Friday, PNA said.

On Tuesday local residents armed with machetes and knives slaughtered two guerrillas who were part of an NPA force which had attacked their village near the central town of Mayorga, PNA said. Three villagers were also wounded.

Military spokesmen in Manila could not immediately confirm the reports.

NPA Rebels Kill 11

HK080440 Hong Kong AFP in English 0437 GMT 8 Mar 87

[Text] Manila, 8 Mar (AFP)--Suspected communist rebels have killed one town official and 10 members of the security forces in 2 days of attacks, spokesmen for the paramilitary Philippine constabulary said here Sunday.

The spokesmen said that a town official, five constabulary troopers and three policemen were killed Friday when they were ambushed by New People's Army guerrillas in the central province of Capiz.

Another constabulary trooper was killed late Friday by suspected NPA rebels in the province of Bulacan, near Manila.

The following day in Laguna Province, less than 100 kilometers (60 miles) from Manila, a police chief was shot by four suspected NPA guerrillas, the spokesmen added.

Armed Forces chief, General Fidel Ramos said Friday, that the NPA would intensify its attacks aiming to influence people to vote for NPA-backed candidates in forthcoming senatorial elections.

#### Manila Policeman Shot

HK100725 Hong Kong AFP in English 0723 GMT 10 Mar 87

[Text] Manila, 10 Mar (AFP)--Suspected communist guerrillas shot dead a policeman in central Manila Tuesday, police spokesmen said.

Patrolman Juan Perez was aboard a small bus when he was attacked by two men.

They escaped by seizing a taxicab at gunpoint which they abandoned nearby after seizing a private car, the spokesmen said.

A police spokesman told AGENCE FRANCE-PRESSE the mode of the attack resembled that employed by liquidation squads of the communist New People's Army.

A similar attack claimed the lives of two military officers here last week.

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CSO: 4200/390



INCREASED PETROLEUM DEMAND RECORDED IN JANUARY

HK091035 Manila MANILA BULLETIN in English 9 Mar 87 p 21

[Text] Domestic demand for petroleum products in January reached 5,249 million barrels, or 3.5 percent more than the December level of 5,073 million barrels, the Bureau of Energy Utilization [BEU] reported over the weekend.

Figures released by the BEU indicated that the consumption level during the month was 16.6 percent higher than the 4,501 million barrels used up in the same period last year. This placed the daily consumption for the month at 169,000 barrels as against December's 164,000 barrels and 145,000 barrels registered in January 1986.

The BEU noted that the demand for liquefied petroleum gas (LPG) and fuel oil posted the biggest increase, with 41.9 percent and 30.6 percent, respectively.

The increase in demand by 451,000 barrels for fuel oil which constituted the bulk of the total volume used up during the month, was due to higher consumption of the industrial sector, the National Power Corp. and Manila Electric Co. for generation.

Based on direct sales of the three local oil companies, our demand of large industrial and commercial establishments totalled 2.94 million barrels in January, slightly higher by 1.7 percent from the previous month's volume of 2.89 million barrels and by 11.2 percent from last year's comparative period of 2.65 million barrels.

On a sectoral basis, the power generation posted a remarkable increase of 161,000 barrels during the month; paper processing, by 17,000 barrels; sugar, by 13,000 barrels, textile mills, by 12,000 barrels; ceramics and food processing, by 7,000 respectively; glass manufacturing and domestic aviation, both by 6,000 barrels; fishing trade, by 5,000 barrels; cement, by 4,000 barrels; and lube refining, by 3,000 barrels.

Significant declines, however, were still experienced by certain industry sectors such as steel, metal and nickel processing, contractors, logging and wood products, mining, rubber and tires, and coconut and vegetable oil, the BEU said.

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CSO: 4200/390

## PHILIPPINES

### NEDA REPORTS PRICE INCREASES, DEFLATION

HK061307 Manila MANILA BULLETIN in English 6 Mar 87 p 21

[Text] The National Economic and Development Authority (NEDA) has recorded a deflation of 0.53 percent on an annual basis in February despite a gradual monthly uptrend in the consumer price index (CPI).

NEDA attributed the still deflationary level in the prices of consumer goods to the small changes in the consumer prices recorded during the same period last year.

Statistics released by the National Census and Statistics Office (NCSO) showed that the consumer price index (CPI) for all income households continued its gradual monthly uptrend which started in September last year.

The CPI for the Philippines was recorded at 359.8 in February from 357.8 in January or a 0.56 percent increment. In Metro Manila, an average price increase of 1.08 percent was noted as CPI went up to 384.1 from 380.0. Similarly, in areas outside Metro Manila (AOMM), the CPI at 355.1 registered a rise of 0.45 percent from the previous month's 353.5.

These current monthly rates at which consumer prices change were lower compared to those of the same period in 1986 in AOMM and at the national level.

Hence, the deflation figures posted at 0.53 percent in the Philippines and 1.23 percent in AOMM in January moved down, respectively, to 0.58 percent and 1.47 percent in February. However, in Metro Manila, the current price changes generally moved faster than that of last year's so that the inflation rate rose to 3.95 percent from 3.01 percent.

The fuel, light and water index gained 1.24 percent in the Philippines and 0.34 percent in AOMM due to the mark-ups in the prices of coconut charcoal and chopped branches in many provinces.

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CSO: 4200/390

## PHILIPPINES

### BRIEFS

LAUREL DENIES DECISION REACHED ON SABAH--Vice President Salvador Laurel today denied that the Philippines has allegedly arrived at a decision on the Sabah issue. For more details, here is Marylou Linggad. [Begin recording] Laurel was reacting to the announcement of Undersecretary of Foreign Affairs [name indistinct] that the government might follow the earlier position of the Marcos regime on the issue, that is, to withdraw its Sabah claim. It will be recalled that former President Marcos declared a few years ago that the Philippines would withdraw its claim to Sabah. In spite of this announcement, Marcos did not give any indication that he would act on the withdrawal. Vice President Laurel stressed that the Philippines and Malaysia were presently in touch with one another in order to resolve the issue. Nonetheless, he stated that the Sabah issue was a sensitive subject and that he would refrain from any statement for fear that it would undermine ongoing negotiations. Undersecretary Juan said that withdrawal of the Sabah claim was a solution to the issue, and that it was up to the Aquino government to negotiate with the Malaysian government and state its position. For the Bureau of Broadcast Network News, this is Marylou Linggad reporting. [end recording] [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 6 Mar 87 HK] /12858

CHINESE BUSINESSMEN URGED TO INVEST--At Malacanang, President Aquino urged Chinese businessmen not to hesitate in investing in the country. The president met with a delegation from the Chinese Chamber of Commerce, and here is Vangie Galvez with the details. [Begin recording] The president stressed that while the government did not expect investments to increase last year, it hoped that investments would not go down by 3.5 percent. The chief executive asked the Chinese businessmen to lead the way in economic activities. She also appealed to them to unite with the government and not be mere spectators. The president added that instead of waiting for the conditions to improve, the group should seek ways to activate the economy as well as try to help the country. [end recording] [Text] [Manila Radio Veritas in Tagalog 1000 GMT 6 Mar 87 HK] /12858

TAGALOG NDF NOT TO INTERFERE--A high-ranking NDF [National Democratic Front] official from Southern Tagalog said the rebels of the region will not interfere nor create confusion during the 11 May and 24 August elections. [Words indistinct] Ka [Comrade] Roger, NDF's southern Tagalog spokesman said in an interview with reporters. Ka Roger said the NDF will screen all the

candidates and they will let the citizens know who among them are pro-Filipino. He added the NDF will not persuade the people on the day of the elections. [Text] [Quezon City Radyo ng Bayan in Tagalog 0330 GMT 9 Mar 87 HK] /12858

RAMOS ORDERS IMMEDIATE RETALIATION--Armed Forces Chief General Fidel Ramos ordered all military commanders to retaliate immediately and not to wait for military reinforcements when attacked by communist rebels. The order was issued when Ramos went to Cebu and Iloilo to give instructions to the troops. He stressed that there are three points which military commanders have to keep in mind in case of NPA attacks: The military should immediately launch a hot pursuit operation without waiting for reinforcements; security patrols should continue and double their efforts, especially in the mountains; and military operations should be launched immediately against armed gatherings, especially if they are reported by local leaders. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 9 Mar 87 HK] /12858

PRETRIAL PROBE OF COUP PLOTTERS--Armed Forces Chief General Fidel Ramos today approved the pretrial investigation of 27 officials and 54 enlisted men involved in the coup attempt of some misguided military elements on 27 February. Brigadier General Hermogenes Epralta, inspector general of the Armed Forces and chief of board of officers, recommended the investigation of military personnel based on the suggestion of Colonel Noli Espejo, Philippine Air Force provost marshal. [Text] [Quezon City Radyo ng Bayan in Tagalog 0700 GMT 10 Mar 87 HK] /12858

TALKS WITH MNLF--Government peace negotiator Emmanuel Palaez said the peace talks between the government and the MNLF are within the limits of the new Constitution. At the opening of the third round of talks with the MNLF, Palaez said the talks have to be pro-people and pro-democracy. He said that even though the government has promised to give the Muslims their aspiration for autonomy, it will not accept unreasonable and impossible requests. Meanwhile, MNLF chief negotiator Habib Yahabab Hashim expressed hope that a political agreement based on dignity will be reached in the last 2 days of negotiations. [Text] [Quezon City Radyo ng Bayan in Tagalog 0600 GMT 10 Mar 87 HK] /12858

GOVERNOR APPROVES ANTICOMMUNIST MOVEMENTS--In Davao City, (Nakasaka) and Alsa Masa [People's Uprising], both anti-communist movements originating in Davao Del Sur and Davao City, have been adopted unanimously by Governor [name indistinct] for implementation in Kindanao. Local Government Secretary Jaime Ferrer said he hopes to [words indistinct] as models for counterinsurgency in the country. (Nakasaka), or (Nagkahiswang Kaka-unang Alang Sa Kalinaw) [translation unknown] advocates a peaceful unarmed approach in fighting the communist rebels in villages and towns. Alsa Masa, however, advocates armed confrontation by civilians, vigilantes, and former rebels against the communist NPA. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 8 Mar 87] /9599

BUSINESS DAY WORKERS STRIKE--Some 250 employees of BUSINESS DAY, a morning daily, went on strike yesterday, charging the management of union-busting and a refusal to bargain. The strikers are members of the Buklod ng Manggagawa ng BUSINESS DAY [BUSINESS DAY Workers' Alliance]. Buklod President Abrino Adyinan and Vice President Ramon Isberto took turns in denouncing what they call human rights violations by the management. The workers' complaints were denied by BUSINESS DAY officials. [Text] [Baguio City Mountain Province Broadcasting Company in English 0330 GMT 9 Mar 87] /9599

SOLOMON ISLANDS

BRIEFS

1986 CENSUS REPORT--Honiara--The population of the Solomon Islands has jumped 45 percent in the past 10 years, the latest census shows. Provisional counting in the first census in the Solomons for 10 years held last November shows the country's population is now almost 286,000. [Text] [Auckland NEW ZEALAND HERALD in English 19 Jan 87 p 8] /9317

CSO: 4200/395

PAPER URGES SHEVARDNADZE TO LECTURE HANOI

BK100103 Bangkok THE NATION in English 10 Mar 87 p 4

[Editorial: "Shevardnadze Has to Tell Hanoi a Few Facts of Life"]

[Text] Soviet Foreign Minister Eduard Shevardnadze has ended his swing through three non-communist countries and is now in Indochina beginning his visit to those three states at Vientiane. He made a five-hour stopover in Bangkok and, with a courtesy call on the premier and a sightseeing tour thrown in, it left him no time for any serious discussions. The major achievement was that a broad outline for an agenda for Foreign Minister Sitthi Sawetsila's forthcoming visit to Moscow was agreed upon. Why he made this symbolic visit to the frontline state in the Kampuchean conflict will always remain in a world of speculation.

So far as Kampuchea is concerned, his visit to Indonesia is most important since Foreign Minister Mokhtar Kusumaatmaja has been delegated by ASEAN to be the organization's interlocutor with Hanoi. But Shevardnadze's visit to Jakarta left Mokhtar very disappointed because no new Soviet line of approach to the Khmer question was advanced. But looking at it from Shevardnadze's point of view, his talks with Sitthi and Mokhtar might have been useful for him in determining what exactly he would discuss with the new leadership in Hanoi.

At a news conference on Saturday in Jakarta, Shevardnadze appeared to rule out an attempt by Moscow to pressure Vietnam to find a political solution to the Kampuchean conflict along the lines proposed by a vast majority of the United Nations' members. He said that the Soviet Union did not hold the key to a Kampuchean solution, conveniently forgetting the old adage about paying the piper and calling the tune.

In spite of the negative vibes coming out of Shevardnadze's statements on Kampuchea, we still hold much hope about the talks he will hold in Hanoi with the new leaders. These leaders are primarily committed to economic reform, to salvage the economy from the present bankruptcy, and they cannot be blind to the fact that Kampuchea is the millstone round their collective neck.

But Shevardnadze could not have told Sitthi nor Mokhtar he will be taking such a line when he talks to the leaders in Hanoi. Looking at it purely from

Soviet self-interest it would not be possible for Moscow to be pouring money into the bottomless pit which is Vietnam. Soviet leader Mikhail Gorbachev's ambitious domestic programmes need a lot of money and he would even promptly pull his troops out of Afghanistan if only he can be assured of a friendly government in Kabul.

Shevardnadze certainly will not be telling the new Hanoi leaders that Moscow will continue her massive economic and military aid and that Vietnam can go on with her Kampuchean escapade. That just does not make sense. Shevardnadze may not give an ultimatum but is sure to hint at one.

/9599

CSO: 4200/387

PAPER COMMENTS ON SHEVARDNADZE'S ASIA TOUR

BK091127 Bangkok SIAM RAT in Thai 9 Mar 87 p 8

[Editorial: "The Soviet Union and the ASEAN Tour"]

[Text] Soviet Foreign Minister Eduard Shevardnadze will end several days of touring the Pacific region when he meets with leaders of Indochinese countries, particularly Vietnamese leaders. This tour of the senior Soviet foreign affairs official is a major regional event. It appears that Shevardnadze spent considerable time on this visit studying and testing the reactions of the countries he visited to Soviet leader Gorbachev's Vladivostok speech in July, which appeared to herald an era of compromise, a rare thing as far as the Soviet Union is concerned.

Shevardnadze's visit to Bangkok was short, but he was able to gather considerable information. The same can also be said of his visit to Jakarta. It is certain that he can gain insights into the regional conflicts that his country has played a large part in creating, particularly as the supporter of the Vietnamese occupation of Cambodia, and can now play a key role in resolving.

Gorbachev's speech in Vladivostok about the Soviet Union being an Asian country whose territory stretches from one end of Europe to one end of Asia is a pretext to justify the spread of Soviet influence to the whole of Asia, thus making the Soviet "rest stations" at the Cam Ranh and Da Nang bases important. Unless the Soviet Union shows an increased spirit of compromise and a sincere desire to allay the suspicions of countries in the region, this Soviet view can only indicate that the Soviet threat and aggression in Southeast Asia is real.

There is no doubt that it is the long-range goal of the Soviet Union to wield influence in equatorial Asia, which it has not been able to achieve to date. Any attempt to gain influence by threat or ambiguous means must be strongly opposed. In particular, Soviet attempts to exploit the lack of peace in the region must always be rebuffed.

It is hoped that the data Shevardnadze gathered during his recent tour will help to favorably alter the Soviet policy toward Southeast Asia. He has now learned about the differences in the ASEAN and Indochinese positions. It is now time for Moscow to demonstrate the sincerity of its claim of friendship and love of peace.

/12858

CSO: 4207/149



SOME INDOCHINESE REFUGEES FACE REPATRIATION

BK100855 Bangkok BANGKOK WORLD in English 10 Mar 87 p 32

[Text] Indochinese refugees unaccepted for resettlement by 30 June will face repatriation to their homelands, Interior Ministry Information and Foreign Affairs Director Wirachai Naeobunnian said this morning.

The senior Interior Ministry official however gave no time frame for the move, saying it would "depend on government policy."

The Interior Ministry has "duties" to see to the resettlement in third countries of refugees or arrange for them to be sent back to their homelands, Mr Wirachai said in an interview with THE WORLD.

The ministry is in charge of some 120,000 Indochinese refugees, largely Laotians, living in camps inside Thailand.

A spokesman for the United Nations High Commission for Refugees (UNHCR) said his office "would refrain from comment at this time."

Mr Wirachai made the disclosures while confirming the ministry's 30 June declared cut-off date for resettlement processing of refugees by foreign embassies here.

The repatriation possibility was raised after former Indochinese refugees now living in the United States expressed some concern over the June deadline.

The former refugees, grouped under the Washington-based Indochina Resources Action Centre (IRAC), last week urged the U.S. Government to take immediate action on the ministry's announcement as well as review its own refugee policy which it believed had led to it.

Mr Wirachai pointed out that the 30 June deadline in fact marked a 6-month delay as the ministry initially told embassies of resettlement countries to forward their lists of eligible refugees by the end of last year.

A second deadline was later set for the end of this month but still no lists have been submitted, embassies saying they were short of staff to interview refugees, he added.

The latest 30 June deadline would be "final," he stated.

Mr Wirachai reaffirmed that the date would also mark an end to resettlement training provided by relief agencies as it would be of no use to people who had no hope of finding new homes in third countries.

This would mean an end to language training in English, French, Japanese, and Thai, he added.

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CSO: 4200/387

THAILAND

LAO HMONG SEEKING ASYLUM IN THAILAND 'RESTRICTED'

BK071052 Hong Kong AFP in English 1041 GMT 7 Mar 87

[Article by Michael Adler]

[Text] Bangkok, 7 Mar (AFP)--Some 1,500 Hmong tribespeople from Laos seeking asylum in Thailand have been restricted by Thai authorities over the past 5 months to an isolated part of the Thai-Laotian border district, reliable sources here said.

The Hmong are in rugged, mountainous terrain in northern Thailand, east of Chiang Rai City and near the village of Nam Pun, about 700 kilometers (430 miles) north of Bangkok, the sources said.

Thai security forces have kept them from both towns and refugee camps, they added.

It was not clear whether the Hmong were refugees or anti-Vientiane resistance fighters. There have been several reports in recent months of fighting nearby on the Laotian side of the border, with 16 Hmong reported slain in clashes February.

"The problem is separating the resistance people from the others who just want to be refugees," said a Thai source who requested anonymity.

He said Thailand was in a bind. Bangkok does not want to anger Vientiane by harboring resistance fighters, but "if we send them back maybe the Laotians won't be so happy."

"We want to make sure they don't do damage," he said.

Several Western sources have expressed concern about whether the Hmong are having trouble getting food.

But one highly reliable source said some of the Laotians have been allowed to come into towns to get supplies.

In addition, United Nations officials have reportedly been allowed to bring them food.

"They are not starving. Maybe they don't have much by Western criterion, but they are not starving," the Thai source said.

The U.S. Embassy here is believed to be concerned about the Hmong, but embassy officials refused to comment. Hmong tribes helped U.S. forces during the Indochinese war in Laos and Vietnam.

There are an estimated 175,000 Hmong in Laos and 500,000 in Laos, Thailand and Vietnam combined.

The 1,500 now in Thailand have come at a time when Bangkok is working to normalize relations with Laos. Thailand, which has 100,000 Laotians in refugee camps, is also seeking to limit its role as land of first asylum for refugees.

At a first round of normalization talks in November in Vientiane, Laotian officials reportedly complained to their Thai counterparts that Bangkok backed guerrillas who oppose the communist Pathet Lao regime.

According to the reports, Bangkok denied this.

One source said the Thais were particularly sensitive at this point about the Laotian resistance and would like to postpone dealing with the problem of the refugee Hmongs.

Another source said the Hmong were in fact an effective buffer against further border infiltrations.

The refugee situation is a critical one for Thailand, which hosts 400,000 Laotians, Cambodian, and Vietnamese. [sentence as received]

A tenth of Laos' population of 3.5 million has fled since communists swept to power in Vientiane in 1975.

"There is a concern that if these Hmongs are let in, it could open the floodgates for thousands of others coming in from Laos," one Western source said.

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CSO: 4200/387

DAILY PROTESTS BURMESE HOT PURSUIT ACTION

BK081019 Bangkok THAI RAT in Thai 7 Mar 87 p 3

[Editorial: "Repercussions from Burma"]

[Text] As a result of the current campaign against the Karen insurgents along the Burmese border opposite Mae Sot District, Tak Province, a number of Thai officials were killed and wounded, and people's houses were damaged by Burmese shellings. Burmese soldiers also crossed into Thai territory in hot pursuit. Activities by the Burmese soldiers, testified by local authorities and people, showed that the Burmese campaign was not limited within their own territory but spilled over into Thailand which has a clear border delineation with Burma.

The Burmese Government has full rights to suppress illegal elements in the country. But Burma must be careful in carrying out the campaign, especially when it is close to the Thai border where Thai villagers live. Yet, reports said that Burmese soldiers crossed the border in hot pursuit of the fleeing Burmese rebels into Thailand and caused damages to the Thai people's property. The Burmese activities constituted a deliberate violation of Thai territory. Our Foreign Ministry must protest Burma over the incident.

The Burmese Government should realize that Thailand does not support the Burmese rebels. Yet, Thailand is obliged, on humanitarian grounds, to give shelter to those Burmese civilians, including women and children, fleeing the fighting in Burma. The Burmese soldiers must not enter Thai territory in hot pursuit; otherwise, they violate Thailand's sovereignty.

The Thai people live in their own country separated from Burma by a well defined border line. Burma cannot hold that they are on the front line of the Burmese suppression campaign. Burma must also stop using high powered weapons close to the border to avoid destruction on the Thai side, as border incidents can develop into a major dispute.

We want to claim compensation for the Thai victims of the Burmese campaign. Meanwhile, we request the Thai Government, especially the Thai Foreign Ministry, to pay attention to the incident and to urgently take action to prevent more losses.

The current campaign carried out by our neighboring country is one of the biggest, and it may spread to other Thai provinces bordering Burma. We therefore must immediately take precautionary measures. As we have heard, Burma is launching suppression campaigns against the Karen as well as the Mon insurgents. And this will certainly result in civilian influx into our border areas in addition to Burmese reinforcements along the border.

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CSO: 4207/149

## ARMY OFFICIAL DENIES BURMESE ALLOWED HOT PURSUIT

BK100859 Bangkok THAI RAT in Thai 8 Mar 87 pp 1, 20

[Text] According to our reporter, the fighting between Burmese Government and Karen soldiers near the Thai-Burmese border in Tak Province has continued for several days and on 3 March resulted in a Thai policeman being shot and taken into custody by Burmese soldiers. At 0900 on 6 March, Police Lieutenant Colonel Narongyut Changthong, chief of the Thai immigration unit in Tak Province, held talks with the Burmese immigration officials from Myawadi in Mae Sot to ask for his cooperation in locating the missing Thai policeman, Warrant Officer Samak Samakkhetkan. The Burmese immigration officials, Captain (Choteng) and Lieutenant (Pate), denied that Samak was in Burmese custody but promised to ask the Burmese 44th Division commander to order the 4th and 10th battalions, the units which attacked Ban Wa Lei to check the matter out and if the Thai policeman is in their custody, to return him or his body. The Burmese promised to inform the Thai officers on 7 March what they had learned by then.

Asked by Lt Col Narongyut about the Burmese violation of Thai territory which resulted in the clash with Thai soldiers and Thai homes being set ablaze, Lt (Choteng) said the Burmese never thought of violating Thai territory and, therefore, the alleged violation was impossible although a high-level agreement exists allowing Burmese soldiers to cross 6 km into Thai territory in hot pursuit. He said the violation is a matter for the Karens and Thai soldiers to settle among themselves. Facing this problem, Lt Col Narongyut asked the two Burmese officials to meet with Major General Yingyot Chotphimai, chief of staff of the 3d Army Region, but they refused, saying they have no authority to do so.

Speaking on 7 March, Army Secretary Major General Narudon Detpradiyut said he has been informed about the Burmese mortar attacks on Ban Ok Hu, and local Thai military units will follow instructions of their commanders on the matter. Referring to the claim of Burmese officials that Thailand allows Burmese soldiers to pursue the enemy 6 km inside Thai territory, Narudon said Thailand and Burma have no agreement on hot pursuit and as Army Commander General Chawalit Yongchaiyut said recently, Thai and Burmese soldiers will operate in their own respective territories. He pointed out that unless there is an agreement in advance, normally armed soldiers do not enter territory of a neighboring country. In such a case, a joint task force would be established for the purpose. For Thailand, armed foreign soldiers may not intrude into its territory. Intruders will be informed of the violation first and, if the intruders are unable to leave Thai territory, they must be disarmed.

## THAILAND

### SRV CRITICISM OF WAR GAMES WITH U.S. REBUTTED

BK051041 Bangkok Voice of Free Asia in Thai 1030 GMT 4 Mar 87

[Article: "Vietnam Has No Right to Interfere in Thailand's Sovereignty"]

[Text] Thailand and the other ASEAN members have opposed the Vietnamese occupation of and aggression against Democratic Kampuchea since 1978 by taking actions at the United Nations to bring an end to the unfortunate situation in that country. For this reason, the Vietnamese leadership has hated Thailand, supported all acts of subversion against Thailand and violations of Thai territory, and launched all kinds of propaganda against Thailand while putting forth various proposals designed to divert world public opinion from the Vietnamese occupation of Cambodia, which is the real cause of the problem in the region.

Vietnam's official radio recently clamored that the Thai-U.S. military exercise conducted 23-28 February had posed a grave threat to Cambodia, the country that has been ruled by the Heng Samrin puppet regime since it was conquered by the Vietnamese aggressors in 1978. It is ridiculous for the Vietnamese radio to utter such nonsense, thus exposing Vietnam's aggression and attempt to violate Thailand's sovereignty both by deeds and words.

The exercise, which took place in the Gulf of Thailand off Sattahip District of Chon Buri and Rayong Provinces as far as 160 km from the Cambodian border, was conducted inside Thailand, an independent state that has no foreign military bases on its soil. The exercise was meant as an act of self-defense, as other countries are pursuing aggressive policies. The venue of the exercise is under Thai sovereignty. No other country's sovereignty was violated. Thailand has a legitimate right to be free from interference from other countries, in particular those where foreign troops are permanently stationed to encroach on and violate the sovereignty of other countries.

Participating in the exercise on the Thai side were 5 F-5E aircraft of the Thai Royal Air Force, 10 warships and 10 aircraft of the Thai Navy, and 1 combined battalion of the control and evaluation unit and marine force for landing operations. On the U.S. side were 8 ships, 1 submarine, 33 aircraft, and 1 marine battalion. A total of 7,800 soldiers took part



in the exercise. This is a medium-size war game held in light of the unreliable situation along the Thai-Cambodian border, created by the provocations by the Vietnamese aggressors who fire shells and grenades into Thai territory daily. Moreover, some of the not less than 160,000 Vietnamese soldiers in Cambodia have been deployed near the Thai border and have frequently violated Thailand's sovereignty. This has exposed their national character, which is detrimental to the freedom and stability of other countries as well as the peace and tranquility of this region as a whole.

Thailand, with no foreign military base on its soil, cannot simply stand idle and allow Vietnam to pose such a threat. It has to conduct such joint exercises as it deems appropriate.

Everybody knows that during the 8 years of the occupation of Cambodia, Vietnamese soldiers have been killing, committing brutalities against the patriotic and self-respecting Cambodians who refuse to live under Vietnamese rule. Such an act on the part of Vietnam violates international law and the UN Charter on Human Rights. Most countries in the world condemn this and demand the total withdrawal of Vietnamese troops from Cambodia and a political solution to the Cambodian problem through a free election under UN supervision to allow the Cambodian people to exercise their right as the owners of the country to elect their own leaders. Vietnam remains obstinate in refusing to comply with the resolutions of the world body.

The suppression of Cambodian soldiers and people by the Vietnamese aggressors has created problems for Thailand despite the fact that Thailand is not a party in the Cambodian conflict. During the past 8 years, Thailand has been demanding that Vietnam honor the resolutions adopted by the world community calling for the withdrawal of its troops from Cambodia and respect for its neighbors' independence and territorial integrity to turn Southeast Asia into a zone of peace, freedom, and neutrality.

As the foreign military bases in Vietnam are likely to be further expanded and as Vietnam has received additional \$2 billion from its hegemonist master, Vietnam should be condemned for having posed major threats to peace and stability in the region. If Vietnam continues to create tension along the Thai-Cambodian border instead of concentrating on the development of its war-torn country, it will only invite calamity into its home. As long as Vietnam continues to behave like a hooligan, bullying other countries as it is doing at present, disaster will befall it.

Dear listeners, all sane peace- and justice-loving people know well who is unscrupulously interfering in the internal affairs of other countries, who is fanning up tension along the Thai-Cambodia border, and who is causing trouble in the area and in Southeast Asia. Certainly, Vietnam--possessed by the specter of war--can never accept the fact.

/12858

CSO: 4207/149

THAILAND

CHAWALIT NAMED 'DE FACTO HEAD' of ISOC

BK050203 Bangkok BANGKOK POST in English 5 Mar 87 p 1

[Text] Army Commander-in-Chief Gen Chawalit Yongchaiyut has been named deputy director of the Internal Security Operations Command with authority to oversee the command on behalf of Prime Minister Prem Tinsulanon, it was disclosed yesterday.

The appointment and delegation of authority were contained in an order signed on 13 February by Gen Prem in his capacity as ISOC director.

Gen Chawalit last month handed over the ISOC directorship, which was traditionally held by the Army commander-in-chief, to the prime minister. Gen Prem's order to delegate authority to Gen Chawalit in effect reinstalled the Army chief as the de facto head of the anti-communist agency.

In the same order, Deputy Army Commander-in-Chief Gen Phisit Hemabut was named ISOC assistant director for military affairs authorised to take charge of all administrative affairs.

Both Gen Phichit Kunlawanit and Gen Sunthon Khongsomphong, assistant Army commanders-in-chief, were relieved of their positions as ISOC assistant directors.

The prime minister will today chair the first meeting of ISOC's policy and administrative affairs committee which is responsible for the suppression of communist activities.

Informed sources said Gen Prem would lay down some guidelines on the plan to restructure ISOC to meet changing political and social conditions during the meeting today.

/9599

CSO: 4200/387

## THAILAND

### POLICE CHIEF BACKS DRIVE AGAINST PIRACY

BK040802 Bangkok THE NATION in English 4 Mar 87 p 5

[Text] Police Director General Pol Gen Narong Mahanon yesterday told a group of about 70 police officers and government officials attending a 4-day seminar on anti-piracy at a hotel in Phatthaya that they should learn more about anti-piracy and cooperate with the UN High Commissioner for Refugees (UNHCR) in rendering proper treatment to "boat people" from Indochina.

The national police chief made these points in his opening address at the seminar.

Participants in the seminar are chief inspectors of coastal districts of 10 provinces along the Gulf of Thailand from Trat to Prachuap Khiri Khan, and representatives of several government agencies such as the Customs Department, the Harbour Department, and the Royal Thai Navy.

Robin W. Bickley, a UNHCR official, told the seminar that the anti-piracy program, sponsored by the UNHCR and now in its fifth year, has produced encouraging results: The rate of attack on "boat people" declined from 85 percent in 1981 to 61 percent in 1986.

The UNHCR has earmarked a budget of \$2.69 million (about 60 million baht) for the anti-piracy programme in Thailand for 1986-87, he said.

The Police Department will receive about 26.85 million baht of the budget, he said.

Bickley noted that although the Royal Thai Navy is the main force in the anti-piracy operation, the Thai police also play an important role in arresting suspected pirates on land.

Pol Gen Narong reminded the participants that anti-piracy is an important task of National Interest. Not only the "boat people," but the Thai fishermen will also benefit from this programme, he pointed out.

According to the UNHCR statistics, 80 suspects have been arrested in 24 cases of piracy; 16 of these cases have been tried and 36 defendants have been punished; six cases involving 23 defendants are pending in court.

Last year, 17 "boat people" were killed and 114 were missing after being attacked by pirates in the Gulf of Thailand, according to survivors reports. In 1982, 154 "boat people" were killed and 332 were missing.

The UNHCR contributed \$8,000 to pay part of the expenses in the 4-day seminar which is organized by the Provincial Police Bureau 1.

Pol Lt Gen Chit Bunyachai, commander of the bureau, said the seminar is aimed at increasing the knowledge of participants on the prevention and suppression of crimes at sea, and improving the understanding of participants on the UNHCR-funded anti-piracy programme.

The participants will discuss the question of how the UNHCR could support the provincial police in preventing and suppressing piracy, and how to treat the "boat people."

/9599

CSO: 4200/387

DEPUTY FINANCE MINISTER DISCUSSES PROJECTS, PARTY DEALS

Bangkok SIAM RAT SAPDA WICHAN in Thai 11-17 Jan 87 pp 54-55

[Interview with Supachai Panidpakdi, deputy minister of finance (Democrat Party); interviewer not identified; date and place not specified]

[Text] [Question] Are you satisfied with your job since you have been in this position?

[Answer] It is very satisfactory in terms of work because, over the past 4-5 months, there have been several things which I intended and promised to do, and which were possible and were accomplished. Most of the important subjects include:

Subject number one was increasing the adjustment to the investment budget. In addition, the investment budget was used in accordance with the government's purpose. We did not let the civil service write the budget, which means it was created in accordance with the directions set by the government to revive the economy; especially the sections concerning tourism, international marketing, expansion of the nation's airports, land reform, and investment in the private sector that the government wishes to engage in, which does not involve only government money.

Subject number two was keeping debt obligations from getting too high. Although we must admit that the nation's debts have accumulated, we can slow this tendency down. We did not set a ceiling on borrowing, thus we have borrowed more than \$2 billion in the past. We have passed a law that allows the government to change the status of loans by changing the terms for negotiation of the reduction of interest rates and extension of the maturities resulting in the reduction of 3-4 billion baht in debt obligations.

Subject number three concerned the reduction of the government's financial obligations and not incurring a deficit in the administration of state enterprises. I am glad that the Finance Ministry was the initiator in changing the condition of the state enterprises to allow more private sector involvement and better administration, for example, the 30-year lease extension on the Erawan Hotel, which permits private sector management with less involvement from the ministry. The Northeast Jute Factory and the Chonburi Sugar Factory were put up for sale. Also, there is a plan to sell some state enterprise

stocks on the securities market. I think that it is an important policy to release state enterprises, which do not necessarily have to be under the control of the government, to private management. If the state enterprise does not concern public utilities, the private sector should be able to manage it, this would not waste the government's administrative budget.

Subject number four; I have discussed big projects, the government's national projects, several times. I think that we have to make a clear decision now. I think that the government has made clear decisions about these projects, for example, the national fertilizer project is a private one that the government will support in accordance with its one-third share of the stock. An important project the government also will support is the deep seaport project at Lamchabang. The building of the industrial estate and export estate at Lamchabang was decided upon and eminent domain is beginning to be exercised in order to prepare for the construction bidding, which has already started. It is expected that in 1987, construction will begin for certain. I have mentioned several times in the past that the building of the deep seaport is the most important of all the projects on the eastern seashore, it is an important element for assisting export activities. The deep seaport at Lamchabang will be the port for medium size industries, which are industries that use raw agricultural materials to produce finished food products and are well suited for the nation's present economic conditions.

Subject number five; I have talked about several tax reforms, some of which I understand the Ministry of Finance has effected over a short period of time. With the excise tax, we started practicing the reduction of repetitive taxes. The tax on raw materials used to make finished products has been abolished.

We had adjusted the tax on investments in the securities market to be equal to that on investments in financial institutions, which amounts to not more than 15 percent of the return. For merchandise which requires national raw materials, agricultural products, and is labor intensive for production, the commercial tax was reduced from 9 percent to 7 percent. There is a special adjustment on the commercial tax to 0.1 percent on the raw materials used to produce products for export; this will reduce the cost of exporting. The plan to increase taxes on other things to offset the reduction of the repetitive production taxes also involves taxing products only after they are finished.

Subject number six; I said that Thailand needed to have an institution for export credit guarantees. At this time, that idea is becoming a reality because we have begun to establish a fund for guaranteeing credit on exports before actually establishing an institution for export credit guarantees which would require a legal act which itself would require a lot of time. At present, we have an appointed committee, of which I am the chairman; I will present its conclusions to the cabinet the middle of January, and suggest that the fund for export credit guarantees be established and that one of the government's agencies, perhaps a financial institution, be used to manage it first. This fund would be established with an investment of 200-400 million baht, this amount is not certain because 160 million baht of government money will be used, and the private sector, including commercial banks and insurance companies, will be invited to join.

This fund will be important because it will guarantee credit in the country and allow individual exporters to borrow money from the commercial banks, and guarantee disbursement to exporters of Thai products overseas. For example, in the opening of a letter of credit (LC), which requires guarantees, the fund will guarantee the letter of credit which will help reduce the risk of the Thai businessman who exports merchandise to countries which have bad credit.

Subject number seven is what I have talked about before, and, in fact, it was the cause of my resignation from the Bank of Thailand. It is about strengthening the financial institutions by passing three financial laws; those concerning commercial banks, investment companies, and the fund for reviving financial institutions. These have been passed and have already been applied, for example, in commercial banking. Here the law has been applied to effect change and solve problems such as reducing and increasing investments which we could not enforce in the past. In the case of investment companies, the law helps increase their activities, for example, with guarantees which they did not have before; and the revival funds play an important role in protecting the savings of the people by helping financial institutions, which have problems, continue in business.

Subject number eight; I have talked about this since my campaign, I disagree with the agricultural products insurance system, and think that solving agricultural problems requires long-term methods. The government took power in August, in September and October it announced its policies to help stabilize the price of unhusked rice, which it had not previously had time to prepare. This changed the status of the rice policy and methods committee, making it a permanent one. This will help us make short-term, current policy and prepare for the long-term.

In the long run, I think that everyone will agree that we have to build more silos for the farmers to store their rice stocks.

In general, I believe that this government really cares about economic problems, and decisions are made based on economic reasons rather than only for political reasons. This is because paying attention to economic reasons is the only way to solve our real problems, not just their symptoms.

[Question] Is all of this part of the party's policies?

[Answer] What I have said is part of the party's platform; there are 2 or 3 policies that may have been changed. For example, the party platform says that there should be a decrease in the price of oil and utilities. I must say that we wanted to use the oil fund to reduce the price of oil and utilities, but we did not do so because the oil price could not be further reduced because, at the beginning of the campaign and before the election, the government had announced another decrease in the price of oil. After that, the price of oil overseas had a tendency to increase rather than decrease. The original idea of cutting money from the oil fund and returning it to the people was accomplished, that is, we cut 1,500 million baht from the oil fund and added it to the nation's expenditure budget instead of using it specifically for the oil consumer; this resulted in a return to the average person in the country.

[Question] There is news that another commercial bank is in trouble; how can people be confident that there will not be more commercial banks in trouble?

[Answer] Our Thai commercial banks have grown rapidly in past years, mostly in deposits. However, they have not been careful in terms of the quality of loans. It got to the point where officials got involved in investigating the quality of loans and checking whether or not there were actual interest payment transactions in the accounts. With these investigations and the new, stricter law we are enforcing, I think that many of the banks will have to increase their investments in order to cope with the estimated losses. This does not mean that when the losses of a financial institution are estimated, it cannot stay in business because of the sluggish economy. Certainly, at some time, there will be some customers who will not get back their principal or interest. But we have to admit the fact that there are bad debts, and we have to reveal such problems to everyone.

Doing this is not meant to make people lose confidence in the system, on the other hand, I think it is an opportunity to solve the problem. In fact, we have had problems, and we want to reveal them rather than hide them because problems in the money system cannot be hidden too long. When they reach a point where money does not flow well, they have to be stopped. We want to see how many and how much more investment is needed to handle the problem; whether or not we need new investors, whether the revival fund is needed and how much is needed, and whether or not we need foreign investors. I think all of this has to be done, the faster, the better for the economy. The economy is recovering now; several businesses will be good, they will have a chance to change the debt situation. Some will be able to reduce interest, and some will be able to change debt into investments. Actually, there is a future. Another thing is low interest, there are chances for lower interest rates. The banks are not in a tight situation, they can make additional loans to help their customers correct the business situation. There are more opportunities. If this had been a period of high interest rates, conditions would not be as loose, but would be more difficult. We have to be prepared for that.

[Question] If the Bank of Thailand was in control, why did the situation get worse so that the bankers had to be controlled to ensure that they would not bolt?

[Answer] We must explain to people that control is not a guarantee. The Bank of Thailand controls commercial banks according to commercial banking laws; for example, ensuring the maintenance of 7 percent reserves and not allowing the board of directors to borrow from the bank while not lending money for the commercial banks. That is a different story because giving credit and taking risks are the business of commercial banks. Even if we ensure that they maintain reserves and have certain conditions, giving credit usually involves risk. The Bank of Thailand is not the one which gives credit, therefore, in order to learn about a situation, it has to investigate the suspect debtor. This is not the direct responsibility of the Bank of Thailand. If it did so, it would be doing the job of a commercial bank.



In a case where we suspect that there is a violation of law concerning lending money to a company belonging to a member of the board of directors, we will investigate. We also will investigate cases where we suspect that there has been credit given to an established bad credit risk. These are things that we can ensure are practiced or pursued according to the law, but we cannot say that one person should get more or less credit than another because he is a higher or lower risk.

[Question] Although it was not the Bank of Thailand's responsibility, last time when the old Asian Bank collapsed, the Bank of Thailand took over.

[Answer] No, actually they took over before it collapsed. If we look at the old books that the Bank of Thailand sent to the Asia Trust Bank, they show that the Bank of Thailand had ordered them to do something, but they did not comply. The more we ordered them to do, the more aware they were of our involvement, and the more they pulled out. More risks were taken, and sometimes it is done secretly, and not easily detected; that is, instead of making a mistake in Thailand, they made risk errors overseas. They knew, at that time, that we did not inspect activities overseas. Debts were incurred overseas in the name of the bank and the funds were diverted to personal use. This was most damaging in the cases of the First Bangkok City Bank and the Asia Trust Bank. This is why we also have to look at foreign activities.

I do not agree that in some investigations, when we found problems and ordered that they be corrected and it was not done, that it was difficult for the Bank of Thailand to act drastically. If the problems were not corrected, the only way was to get rid of those who did not correct them; under the old law, this could not be done. To act that drastically would shake the financial system. We had to watch closely, if the situation was not solved, would we be ready to take over or have those in power replaced or have new stockholders to increase investment?

When those in power could not solve the problems, they had a tendency to be stubborn and try to scoop the money together and bolt. This is a legal problem. We have made the law more drastic by allowing confiscation of property when those people run away. But in practice, it cannot be done unless there is consultation between the Bank of Thailand and the police; this is the law.

[Question] What is your opinion regarding what some members of Parliament say about the government subsidizing the movement of the horse racing track?

[Answer] At present, there are many things the government has to subsidize, even the selling of state enterprises and the adjustment of civil servant salaries. I think that several things the government has to subsidize, if they are for the benefit of the majority or to solve problems, should be subsidized. In the case of the horse racing track, however, it is not necessary for it to be in the center of town.

If you look at other developed countries, there are few countries which would waste their land. Speaking about wasting land, I think we waste a lot of land. This should be corrected. It is not necessary to subsidize this. I believe

that if there is a change in the case of the horse racing track, the private sector or the person who is responsible will not suffer a loss.

[Question] They talk about investing in new land; should this not be the government's problem?

[Answer] No, it should not be a government problem. If you talk about new investment to expand the membership, it should result in a profit and not a loss.

13216/12947

CSO: 4207/112

## BRIEFS

JOINT AIR EXERCISE HELD--An opening ceremony of the joint air exercise between the Air Forces of Thailand and Malaysia, or the "Air Thamal VI Exercise," was held at the 56th Air Wing in Hat Yai District, Songkhla Province yesterday. The ceremony was presided over by Supreme Commander Admiral Supha Khotchaseni and Malaysian Armed Forces chief Tan Sri Datuk Mohamed Ghazali. The exercise was hosted by the Thai Air Force from 2 to 12 March. Supreme Commander Admiral Supha Khotchaseni said at the opening ceremony that the Thai Air Force and the Malaysian Air Force have had close brotherly relations for a long time. Both have taken part in strengthening the stability along the common border of the two countries. Both countries not only face the threat of insurgency in their countries and along the border but also face international political problems. It is necessary for the two countries to strengthen stability and to increase the capability to resist and defend against any threat against the sovereignty of the two nations. [Text] [Bangkok Voice of Free Asia in Thai 1030 GMT 5 Mar 87 BK] /12858

USSR OFFERS 68 SCHOLARSHIPS--According to the Soviet Information Office, the Soviet Government has allocated 68 scholarships for Thai students to study for bachelor's and master's degrees and in shorter courses in the Soviet Union in the 1987-88 academic year. The Soviet Embassy has already informed the Thai Foreign Ministry of the scholarship availability. Interested persons may inquire at the Foreign Ministry for further details. According to the Foreign Ministry, the Soviet Embassy informed it of the scholarship availability early last week and the Political Department is studying the matter both in principle and in detail. [Text] [Bangkok MATICHON in Thai 7 Mar 87 p 16 BK] /12858

CSO: 4207/149

PEOPLE'S REPUBLIC OF KAMPUCHEA

SPK REPORTS THAI VIOLATIONS IN FEBRUARY

BK081222 Phnom Penh SPK in English 1117 GMT 8 Mar 87

[Text] Phnom Penh, 8 Mar (SPK)--In February, Thai troops fired 6,000 artillery rounds on Hill 417 (west of the area of the Kampuchean-Lao-Thai border intersection), Hills 384, 416, and the areas of Phnum Kchor.

In the same period, Thai aircraft including L-19's, A-37's, V-24's, and helicopters on 85 occasions violated Kampuchean airspace, spying from 1 to 10 km rpt 10 km deep inside Kampuchea over the areas of the Kampuchean-Lao-Thai border intersection, Phnum Kinh Kok (west of Banteay Ampil in Siem Reap Province), Yeang Dangkom, Malai, Poipet and Toek Sap (Battambang Province), west of Smat Deng (Pursat Province) and west of Koh Kong.

On the sea, Thai vessels made 424 incursions into Kampuchean waters off Kaoh Kong, Kaoh Tang, and Polouwai Islands from 6 to 30 miles.

Also in February, many groups of Pol Pot remnants and other Khmer reactionaries infiltrated from Thailand into Kampuchea for sabotage activities against the border people's life. The intruders were duly punished by Kampuchean border guards; 657 of them were put out of action and 366 assorted guns and a quantity of ammunition seized.

/9599

CSO: 4200/387

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

DRY-SEASON RICE CROPPING--Phnom Penh, 26 Feb (SPK)--According to a report of the Ministry of Agriculture, by mid-February, peasants across the country had put 84,340 ha under dry-season rice or 55 percent of the plan. Fifty percent of the planted area had been covered with IR-36 rice variety. Kompong Speu Province put 1,800 ha under dry season rice, 90 percent of which was IR-36 rice variety, the figure showed an increase of 13 percent over the plan. The provinces of Kandal, Takeo, Prey Veng, and Kompong Cham respectively covered 29,400, 28,000, 14,000, and 11,000 ha with dry-season rice. Besides, the Ministry of Agriculture provided the peasants with 3,030 tonnes of chemical fertilizer and 22,000 litres of insecticide. [Text] [Phnom Penh SPK in English 1103 GMT 26 Feb 87 BK] /9599

USSR TRANSPORT COOPERATION--Phnom Penh, 27 Feb (SPK)--A document on river and sea transport cooperation between the PRK and the USSR was signed in Phnom Penh on Wednesday by Chim Seng, Kampuchea vice minister of posts, transport, and communications; and Boris Pavlovich Trunov, Soviet vice minister of the merchant marine [portfolio as received]. Under the document, the Soviet side will help facilitate goods transport to and from the Soviet Union and continue to supply Kampuchea with machine parts and equipment. The Soviet Union will also send more Soviet experts to help Kampuchea develop the water transport system. Last year, 18 officials and workers from the Kampuchean Ministry of Posts, Transport, and Communications made a probation tour in the Soviet Union and this year 14 others is to making a working tour there. [Text] [Phnom Penh SPK in English 1100 GMT 27 Feb 87 BK] /9599

SOVIET ACADEMIC DELEGATION LEAVES--Phnom Penh, 27 Feb (SPK)--A delegation of the Academy of Social Science under the Central Committee of the Communist Party of the Soviet Union led by its Deputy Director Boris Semenovitch Popoy left here Thursday after an 8-day official visit to Kampuchea. During its stay, the delegation met with Khoy Khunhuor, member of the Central Committee of the People's Revolutionary Party of Kampuchea and president of its Commission for Propaganda and Education, and had a working session with him on the propaganda work. It gave talks on the results of the recent plenum of Communist Party of the Soviet Union. The delegation also visited the National Museum, the former Royal Palace, the Tuol Sleng Museum of Genocide in Phnom Penh, a political school in Kompong Speu Province and the Angkor Wattemple in Siem Reap-Oddar Meanchey Province. [Text] [Phnom Penh SPK in English 1103 GMT 27 Feb 87 BK] /9599

AID FROM GDR --Phnom Penh SPK March 2nd [as received]--A 25-tonne consignment of motor-cycle, cloth, detergent, blankets, medicines and school materials as gift from the German Democratic Republic (G.D.R.). The gift donated by the G.D.R. Government and Red Cross was handed over by Rolf Dach, G.D.R. Ambassador to Kampuchea, to Phang Saret, Kampuchean vice minister of home and foreign trade at a ceremony held here on Friday. Speaking to the occasion, Phang Saret expressed deep thanks to the government and people of the G.D.R. for their support and assistance to the Kampuchean people in their efforts to restore and develop the Kampuchean economy and to improve the peoples living conditions. Every year, the G.D.R. consigns Kampuchea with gift worth of 18 million marks (G.D.R. currency). [Text] [Phnom Penh SPK in English 1115 GMT 2 Mar 87 BK] /9599

FARMING IN SIEM REAP--Phnom Penh, 28 Feb (SPK)--By mid-February this year, peasants in Siem Reap-Oddar Meanchey Province, 300 km northwest of Phnom Penh, had transplanted rice on 3,520 ha and ploughed 3,680 others out of 5,000 ha planned for this dry-season rice cropping. Leading were Siem Reap and Puok districts and the provincial town which had respectively planted rice on 2,000, 600, and 570 ha. Moreover, they covered 1,500 ha with maizes, potatoes, beans, sugar canes, water-melons and cucumbers. [Text] [Phnom Penh SPK in English 1113 GMT 28 Feb 87 BK] /9599

RETURNEES IN 1986--Phnom Penh, 26 February (SPK)--Last year, nearly 5,000 returnees, including 1,800 supporters of Son [word indistinct] 300 Sihanoukists, were registered all over the country. They brought along with them more than 3,000 assorted weapons. [Excerpt] [Phnom Penh SPK in French 0413 GMT 26 Feb 87 BK] /12913

DEVELOPMENT IN RATANAKIRI PROVINCE--Phnom Penh, 19 February (SPK)--With assistance from Vietnam's Nghia Binh Province and Laos' Attapeu Province, the provincial seat of Ratanakiri was moved to Ban Lung in 1980 with the building of structures for various public services. In 1986, the province sold 15,000 cubic meters of wood, 350 metric tons of rubber, and 80 metric tons of sesame to the state. [Summary] [Phnom Penh SPK in French 0411 GMT 19 Feb 87 BK] /12913

PRODUCTION IN VARIOUS LOCALITIES--Phnom Penh, 19 February (SPK)--By the beginning of February, peasants in Prey Veng Province had harvested 210,000 hectares of rainy season rice with an average yield of over a metric ton per hectare. In the dry season, peasants in the province plan to grow 32,500 hectares of rice and 16,000 hectares of subsidiary crops. So far, 1,178 hectares of corn, 643 hectares of tobacco, 2,620 hectares of beans, 732 hectares of peanuts, 100 hectares of potato, and 500 hectares of vegetables have been planted. By early this month, peasants in Puok District, Siem Reap-Oddar Meanchey Province, had delivered more than 1,600 metric tons of paddy to the state. [Summary] [Phnom Penh SPK in French 1154 GMT 19 Feb 87 BK] /12913

CSO: 4219/17

## BRIEFS

FISCHER BEGINS TALKS IN HANOI--Hanoi, 10 March (ADN)--Official talks between the foreign ministers of the GDR and Vietnam, Oskar Fischer and Nguyen Co Thach, began in Hanoi this morning. The ministers are discussing current international issues, including the situation in Southeast Asia, and the further development of bilateral relations. Earlier, Fischer laid a wreath at the Ho Chi Minh Mausoleum in honor of Vietnam's first president. The GDR politician arrived yesterday for a three day visit to the Vietnamese capital. [Text] [East Berlin ADN International Service in German 0446 GMT 10 Mar 87 LD] /12913

CSO: 4620/17

## WORKFORCE, POPULATION REDISTRIBUTED FOR PRODUCTION

OW081836 Hanoi VNA in English 1446 GMT 8 Mar 87

[Text] Hanoi, 8 Mar (VNA)--Over the past 5 years, 1.2 million inhabitants of overpopulated areas in Vietnam have settled in sparsely populated areas in their own provinces or elsewhere.

This brought to nearly 3 million the total of settlers since 1976. They have reclaimed hundreds of thousands of hectares of waste land and set up "new economic zones" specializing in the planting of coffee, rubber, tea, tung oil, coconut, rush, etc. These include, for instance, the 20,000-hectare rubber planting area in Dau Tieng west of Ho Chi Minh City, and the coffee growing area covering tens of thousands of hectares in the central highland province of Darlac. In the rush-growing area in Thanh Hoa Province, central Vietnam, the settlers have annually harvested 9,000-10,000 tons of rush from 6,000 ha of newly opened lands to make household goods for home consumption and export. Each locality has its own way of doing things as allowed by its natural and social settings. Binh Tri Thien Province, for instance, is implementing a "two-foot" policy (plain and hills), Vinh Phu, a midland province, is combining "hill-gardens" with "forest gardens," etc. by stimulating the development of all the three economic sectors, state, collective and family, the Vietnam-GDR union of coffee enterprises has markedly increased both productivity and acreage of its coffee plantations.

The resettlement program has provided jobs for more than 400,000 persons. It was decided at a recent conference that in 1987, 73 percent of the (?settlers) will settle in sparsely populated areas in their own provinces or districts, and 23 percent in mountain areas, mainly in the central highlands which are to absorb 37 percent of the total investments intended for the resettlement program.

Thanks to the resettlement program, Darlac Province has over the past years extended its groundnut acreage from 7,400 ha to 16,000 ha with productivity rising from 7,300 tons to 16,000 tons, coffee from 11,000 ha to 22,000 ha and rubber from 3,300 ha to 11,000 ha.

The setting up of a system of state farms which are employing tens of thousands of workers and are equipped with advanced technology will play an



important role in the reclamation of waste land and intensive farming of industrial crops.

The central highlands is the prime target for the development of industrial crops for export.

Population resettlement in the coast is aimed primarily at expanding rush planting and fish and shrimp rearing for export.

/9599

CSO: 4200/386

## BRIEFS

SHRIMP REARING FOR EXPORT--Hanoi, 6 Mar (VNA)--Endowed with a dense system of rivers and canals, the Mekong River Delta Province of Dong Thap has been strongly developing shrimp and fish rearing for export. Last year, the province had more than 600 hectares of water area for rearing shrimps and fish, a twofold increase over 1985. More than 1,500 families have purchased breed shrimps to raise in their ponds with an expected catch of 400 tons by the end of this year. The districts in the province have invested tens of millions dong in building shrimp and fish farms. The province's 1987 plan calls for 1,300 tons of shrimp and 240 tons of fish for export. The Nha Be District of Ho Chi Minh City is a leading district in shrimp farming for export. It has marked off 1,500 hectares for shrimp rearing, bringing its total shrimp farming area to 2,900 hectares, mostly in rice and coconut-growing areas. [Text] [Hanoi VNA in English 0705 GMT 8 Mar 87 OW] /9599

JOBS AVAILABLE IN HO CHI MINH CITY--Hanoi, 8 Mar (VNA)--Thanks to the development of small industrial and handicraft production, Ho Chi Minh City last year provided jobs for more than 84,000 people of working age. Apart from building more state-run and collective economic establishments, the city has paid special attention to the development of household economy. Since early 1986, the city people's committee has promulgated decision No 34 allowing the families to set up small production enterprises in their homes and receive production equipment and materials sent from their relatives abroad. So far, 5,000 families totalling 15,000 workhands have opened their production establishments in their own houses. Many small traders have shifted to small industrial and handicraft production almost 4,900 machines left idle in the past have been restored and resumed operation. Thousands of good quality items for home consumption and for export produced by families have been widely marketed. The city has also promulgated a number of incentive policies with regard to these production establishments. [Text] [Hanoi VNA in English 0712 GMT 8 Mar 87] /9599

CSO: 4200/386

LABOR

VIETNAM

BRIEFS

WOMEN IN ECONOMIC DEVELOPMENT--Women make up 65 percent of Vietnam's labor force, making considerably contribution to the implementation of the three major economic programs. For this reason, to care for the lives and interest of women and children is one of the major tasks of the Vietnam Women's Union. To this end, the women's union of all levels are cooperating with all services to ensure favorable working conditions for women and help them better understand their role and responsibility in the family life as well as in society. [Text] [Hanoi International Service in English 1000 GMT 6 Mar 87 BK] /9599

CSO: 4200/386

## INFORMATION ON VIETNAMESE PERSONALITIES

[The following information on Vietnamese personalities has been extracted from Vietnamese-language sources published in Hanoi, unless otherwise indicated. Asterisked job title indicates that this is the first known press reference to this individual functioning in this capacity.]

Lê Đức Anh [LEE DUWCS ANH], \*Senior General

Member of the CPV Central Committee Political Bureau, Standing Member of the CPV Central Committee's Military Commission, Vice Minister of National Defense; Chief of the VPA General Staff; his name was on the list of the funeral Committee for Colonel General Dinh Duc Thien who was killed in a car accident on 20 Jan 87. (NHAN DAN 22 Jan 87 p 1).

Hoàng Bách [HOANGF BACHS], Colonel, deceased

Member of the CPV; former Political Director, Military Medical College; born in 1923 in Nghia Tru Village, Van Giang District, Hai Hung Province, he had been politically active since 1944. He was retired at the time of his death on 14 Jan 87. (QUAN DOI NHAN DAN 16 Jan 87 p 4)

Nguyễn Thị Bình [NGUYEENX THIJ BINHF]

Vice President of the Vietnam Women's Union; on 10 Jan 87 she attended a conference on Southeast Asian Women and Science. (NHAN DAN 11 Jan 87 p 1).

Phan Bình [PHAN BINHF], aka Phan Bá [PHAN BAS], Lieutenant General, deceased

Former Department Director, VPA General Staff; member of the CPV; born on 15 Mar 1922 in Duy Trinh Village, Duy Xuyen District, Quang Nam-Da Nang Province, he became involved in the Viet Minh Front in 1939 and was accepted into the Indochina Communist Party in 1941. He died on 12 Jan 87 in Ho Chi Minh City after an illness. (QUAN DOI NHAN DAN 14 Jan 87 pp 1, 4)

Đỗ Nghiệp Chí [ZUWOWNG NGHIEEPJ CHIS]

\*Deputy Director of the Physical Education and Sports General Department; he was mentioned in an article on soccer. (QUAN DOI NHAN DAN 18 Jan 87 p 3)

Pham Nhu' Cũng [PHAMJ NHUW CUWOWNG], Professor

\*Alternate Member of the CPV Central Committee; Head of the Vietnam Social Science Commission; on 14 Jan 87 he welcomed the Chairman of the Soviet Academy of Science; (NHAN DAN 15 Jan 87 pp 1, 4).

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Nguyễn Hòa [NGUYEENX HOAF]

Head of the Oil and Gas General Department; on 10 Jan 87 he attended a conference with the Minister of External Affairs from India. (NHAN DAN 11 Jan 87 p 1).

Đặng Nghiê~m Ho~anh [DAWNGJ NGHIEEM HOANHF]

Director of the General Affairs and External Relations Department, Ministry of Foreign Affairs [Vũ Trưở~ng Vũ Tồ~ng Hô~p Đô~i Ngo~ai Bô Ngo~ai Giao in Vietnamese]. On 10 Jan 87 he attended a conference with the Minister of External Affairs from India. (NHAN DAN 11 Jan 87 p 1).

Cao Đắ~c Hũ~ng [CAO DAWCS HUWNG]

\* Acting Director of Asia Department 4, Ministry of Foreign Affairs; on 10 Jan 87 he attended a conference with the Minister of External Affairs from India. (NHAN DAN 11 Jan 87 p 1).

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Nguyễn Vắ~n Í~ch [NGUYEENX VAWN ICHS]

Deputy Chief of the Office of the Council of Ministers; on 10 Jan 87 he attended a conference with the Minister of External Affairs from India. (NHAN DAN 11 Jan 87 p 1).

Phạm Quang Í~ch [PHAMJ QUANG ICHS], aka Quang Vinh [QUANG VINH], Colonel, deceased

Member of the CPV; Political Officer at a school, 4th MR; born in 1928 in Vinh Thanh Village, Vinh Linh District, Binh Tri Thien Province, he was retired at the time of his death on 19 Jan 87 at the 108th Military Hospital. (QUAN DOI NHAN DAN 21 Jan 87 p 4)

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Nguyễn Đắ~ng Khắ~nh [NGUYEENX DAWNG KHANHS]

\*Deputy Director of the Price Department, Ministry of Home Trade; he was interviewed on fluctuations in food prices. (QUAN DOI NHAN DAN 13 Jan 87 p 3)

Phạm Sĩ Liê~m [PHAMJ SIX LIEEMJ]

Vice Chairman of the People's Committee, Hanoi Municipality; on 13 Jan 87 he attended a People's Committee meeting in Hanoi. (HANOI MOI 14 Jan 87 p 4).

Đặng Văn Liễu [DAWNGJ VAWN LIEEUX] \*Colonel

Deputy Commander and Chief Political Officer, Chemical Warfare Branch; he was mentioned in an article on youth activities in his sector. (QUAN DOI NHAN DAN 5 Jan 87 p 1)

Cao Văn Lương [CAO VAWN LUWOWNGJ]

Associate Editor of the historical journal NGHIEN CUU LICH SU; his name appeared on the masthead of this publication. (NGHIEN CUU LICH SU N°4 Jul-Aug 86 inside back cover)

Chu Huy Mân [CHU HUY MAAN], Senior General

Deputy Secretary of the Military Commission of the CPV Central Committee; Director of the Political General Department; recently his name was on the list of the funeral committee for Colonel General Dinh Duc Thien who was killed in a car accident on 20 Jan 87, (NHAN DAN 22 Jan 87 p 1).

Nguyễn Quyết [NGUYEENX QUYETS] Colonel General

\*Secretary of the CPV Central Committee; \*Standing Member of the CPV Central Committee's Military Commission; \*Deputy Director of the Political General Department; his name was on the list of the funeral committee for Colonel General Dinh Duc Thien who was killed in a car accident on 20 Jan 87, (NHAN DAN 22 Jan 87 p 1).

Trần Sâm [TRAANF SAAM], Colonel General

Vice Minister of National Defense; \*Director of the Economic General Department; recently his name was on the list of the funeral committee for Colonel General Dinh Duc Thien who was killed in a car accident on 20 Jan 87, (NHAN DAN 22 Jan 87 p 4).

Phạm Song [PHAMJ SONG]

Vice Minister of Public Health; he was mentioned in a complaint letter published in the cited source; (LAO DONG 9 Oct 86 p 2).

Võ Văn Sung [VOX VAWN SUNG]

Assistant to the Minister of Foreign Affairs; on 10 Jan 87 he attended a conference with the Minister of External Affairs from India. (NHAN DAN 11 Jan 87 p 1).

Đỗ Văn Tai [DOOX VAWN TAIF]

Deputy Director of the Central Committee International Department; on 21 Jan 87 he attended a conference with the representative of the Japanese Communist Party. (NHAN DAN 22 Jan 87 p 1).

Phùng Thế Tài [PHUNGF THEES TAIF], \*Colonel General

Deputy Chief of Staff of the VPA on 22 Jan 87 he accompanied Secretary General Nguyen Van Linh on a visit to army troops in Hanoi. (NHAN DAN 24 Jan 87 p 1).

Văn Tao [VAWN TAOJ]

Editor in chief of the historical journal NGHIEN CUU LICH SU; his name appeared on the masthead of this publication. (NGHIEN CUU LICH SU N°4 Jul-Aug 86 inside back cover)

Huỳnh Công Tâm [HUYNHF COONG TAAM]

\*SRV Ambassador to Portugal; on 9 Jan 87 he presented his credentials to the President of Portugal. (NHAN DAN 16 Jan 87 p 4)

Trần Tấn [TRAANF TAANS]

\*Chairman of the People's Committee, Hanoi Municipality; on 14 Jan 87 he was elected to the above position; (HANOI MOI 15 Jan 87 p 1).

Võ Thế Tấn [VOX THEES TAANS], Colonel, deceased

Deputy Chief: Political, Rear Services Department, 479th Front, 7th MR; member of the CPV; born in 1932 in Tam Hoa Village, Tam Ky District, Quang Nam-Da Nang, he died after an illness on 11 Jan 87 at the 175th Military Hospital. (QUAN DOI NHAN DAN 15 Jan 87 p 4)

Ngô Bá Thành [NGOO BAS THANHF]

Vice President of the Vietnam Women's Union; on 10 Jan 87 she attended a conference on Southeast Asian Women and Science. (NHAN DAN 11 Jan 87 p 1).

Hoàng Minh Thảo [HOANGF MINH THAOR], Colonel General

Director of the Advanced Military Academy; his article recapping the 10-year achievements of his academy appeared in the cited source. (QUAN DOI NHAN DAN 2 Jan 87 p 2)

Đoàn Thuận [DOANF THUAANJ] Major General

\*Director of the AAA Officers School; he was mentioned in an article on the administration of and training in military schools. (QUAN DOI NHAN DAN 15 Jan 87 p 2)

Phan Quang Tiệp [PHAN QUANG TIEEPJ], \*Major General

Commander of the Truong Son Corps; he was interviewed on his unit's goals and achievements. (QUAN DOI NHAN DAN 5 Jan 87 p 3)

Nguyễn Kiên Toàn [NGUYEENX KIEENJ TOANF], aka Nguyễn Kiên [NGUYEENX KIEEN],  
Colonel, deceased

Former Deputy Director of the Military Administration School; former Deputy  
Chief of Staff, 4th MR; born in 1929 in Trieu Thanh Village, Trieu Phong  
District, Binh Tri Thien Province, he was retired at the time of his death on  
8 Jan 87, at the 108th Military Hospital. [QUAN DOI NHAN DAN 11 Jan 87 p 4]

Lê Văn Tri [LEE VAWN TRI], Lieutenant General

Director of the Technical General Department; his name was on the list of the  
funeral committee for Colonel General Dinh Duc Thien who was killed in a car  
accident on 20 Jan 87. (NHAN DAN 22 Jan 87 p 1).

Lê Xuân Tú [LEE XUAAN TUS]

\*Director of the Biology Institute; his article on the need for science and  
technology in biology appeared in the cited source. (TO QUOC Nov 86 p 22)

Hoàng Anh Tuấn [HOANGF ANH TUAANS]

SRV Ambassador to India; Vice Minister of Foreign Affairs; on 10 Jan 87 he  
attended a conference with the Minister of External Affairs from India.  
(NHAN DAN 11 Jan 87 p 1).

Trần Vĩ [TRAANF VIX]

On 14 Jan 87 he was terminated as Chairman of the People's Committee, Hanoi  
Municipality, for health reasons. (HANOI MOI 15 Jan 87 p 1).

Nguyễn Phụng Vũ [NGUYEENX PHUWOWNGJ VUX]

\*Director of the China Department, Ministry of Foreign Affairs; on 13 Jan 87  
he met with the Ambassador of China to Vietnam about the release of a number  
of Chinese infiltrators to the SRV. (NHAN DAN 14 Jan 87 p 4).

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